

CITY OF GRAND RAPIDS, MINNESOTA

RESOLUTION NO. _____

RESOLUTION APPROVING PROPERTY TAX ABATEMENT IN THE CITY OF GRAND RAPIDS FOR CERTAIN PUBLIC INFRASTRUCTURE IMPROVEMENTS; AND PROVIDING FOR THE ISSUANCE OF A GENERAL OBLIGATION TAX ABATEMENT BOND

BE IT RESOLVED By the City Council of the City of Grand Rapids, Minnesota (the “City”) as follows:

Section 1. Recitals.

1.01. The City proposes to (a) finance costs of the demolition of an existing structure on property located at 900 NW Fourth Street (MN Hwy 2) in the City and owned by the Grand Rapids Economic Development Authority (the “Project”) with tax abatement bonds authorized by Minnesota Statutes, Sections 469.1812 through 469.1815, as amended (the “Abatement Act”); and (b) authorize a property tax abatement with respect to various parcels of land that benefit from such public improvements.

1.02. Pursuant to Section 469.1813, subdivision 1 of the Abatement Act, the City may grant an abatement of all or a portion of the taxes imposed by the City on one or more parcels of property to pay for all or part of the cost of financing or providing public infrastructure, increasing or preserving the tax base, providing employment opportunities, and helping provide access to services for residents of the City.

1.03. The City has identified 7 parcels located in the City, identified in EXHIBIT A attached hereto (the “Abatement Property”), which will be benefitted by the Project and from which the City proposes to abate all or a portion of the City’s share of taxes to help finance the Project, subject to all the terms and conditions of this resolution.

1.04. The Abatement Property is not located in a tax increment financing district.

1.05. The City Council has received a Highway 2 Land Use and Development Study, dated August 2025 (the “Report”), from Bolton & Menk, with respect to the plan including development goals for the Highway 2 corridor in the City which includes the site of the Project.

1.06. On the date hereof, the City Council conducted a duly noticed public hearing on the Abatement at which the views of all interested persons were heard.

1.07. The City is authorized under the Abatement Act to issue bonds to (a) pay for public improvements that benefit the property; (b) acquire and convey land or other property; (c) reimburse the property owner for the cost of improvements made to the property; or (d) pay the costs of issuance of the bonds.

1.08. The City intends to pledge the Abatement revenues to repay a revenue bond to be issued by the Authority (the “Authority Bond”) to the Minnesota Department of Employment and Economic Development (“DEED”) to finance the Project and which the Authority will provide as security for a loan to be made to the Authority in the principal amount of \$420,000 (the “Loan”) by DEED from its Demolition Loan Program.

1.09. The City proposes to issue its Taxable General Obligation Tax Abatement Bond, Series 2026A (the “City Bond”), in the proposed aggregate principal amount of \$420,000, pursuant to the Abatement Act and Minnesota Statutes, Chapter 475, as amended (together, the “Act”) to the Authority as security for the Authority Bond and the Loan.

1.10. In accordance with Section 475.60, subdivision 2(4) of the Act, the City is authorized to issue obligations to a board, department or agency of the State of Minnesota (the “State”) by negotiation and without advertisement for bids and DEED is, and has represented that it is, a board, department or agency of the State.

Section 2. Findings.

2.01. It is hereby found and determined that the benefits to the City from the Abatement will be at least equal to the costs to the City of the Abatement, because (a) the Abatement will finance the Authority’s costs of improvements to property, will strengthen the local economy by spurring the redevelopment of a site in the City, help increase or preserve tax base by stimulating redevelopment of the site and the area consistent with the Report, help provide construction jobs, and protect the general health and welfare of the community by removing substandard buildings; (b) the increased City taxes collected from the Abatement Property upon termination of the Abatement are expected to exceed the amount of the Abatement collected from the Abatement Property during the term of this resolution; and (c) the Project will help the redevelopment of the area as a whole, as described in the Report, which will benefit the Abatement Property.

2.02. It is hereby found and determined that the Abatement is in the public interest for the reasons described in Section 2.01 hereof.

Section 3. Actions Ratified; Abatement Approved.

3.01. The City Council hereby ratifies all actions of the City’s staff and consultants in arranging for approval of this resolution in accordance with the Abatement Act.

3.02. Subject to the provisions of the Abatement Act, the Abatement is hereby approved and adopted subject to the following terms and conditions:

(a) The term “Abatement” means the City’s share of the real property taxes generated from the Abatement Property, in the amounts described in this Section:

(i) The aggregate Abatement paid by the City during the term of this resolution will not exceed the amount necessary to pay the principal of and all or a portion of the interest on the Abatement Bonds, up to a maximum of \$420,000. The maximum principal amount of bonds to be secured by the Abatement under this resolution will not exceed the estimated sum of the Abatement from the Abatement Property for the term authorized under this resolution.

(ii) In accordance with Section 469.1813, subdivision 8 of the Act, in no year shall the Abatement, together with all other abatements approved by the City under the Act and paid in that year, exceed the greater of ten percent (10%) of the City’s net tax capacity for that year or \$200,000 (the “Abatement Volume Cap”). The City may grant any other abatements permitted under the Act after the date of this resolution, provided that to the extent the total abatements in any year exceed the Abatement Volume Cap, the allocation of Abatement Volume Cap to such other abatements is subordinate to the Abatements under this resolution.

(b) The City will pay the Abatement in installments over a period of 8 years, commencing in taxes payable year 2028, and continuing through taxes payable in 2035 or such other dates that correspond to the payment of debt service on the Abatement Bonds over a period not to exceed 8 years. The City will pay the Abatement solely to finance the cost of the Project, through application of Abatement amounts toward debt service payments on the Abatement Bonds (including any bonds issued to refund the initial Abatement Bonds).

(c) This resolution may be modified only with the prior written approval of the City, and any modification is subject to Section 469.1813, subdivision 7 of the Abatement Act.

(d) In accordance with Section 469.1815 of the Abatement Act, the City will add to its levy in each year during the term of the Abatement the total estimated amount of current year Abatement granted under this resolution.

3.03. The Mayor and the City Administrator are authorized and directed to execute and deliver any agreements, certificates, or other documents that the City determines are necessary to implement this resolution.

Section 4. City Bond.

4.01. The City Council finds it necessary and expedient to the sound financial management of the City to issue the City Bond pursuant to the Act, and to pledge the Abatement revenues to the Authority as revenue for the Authority Bond and as security for the Loan to finance the Project.

4.03. The City Council will meet on June 8, 2026, or on another date deemed appropriate by staff of the City, to consider providing final approval for the issuance of the City Bond and to set forth the covenants and terms of the City Bond.

Approved by the City Council of the City of Grand Rapids, Minnesota this 26th day of May, 2026.

Mayor

ATTEST:

City Clerk

EXHIBIT A

ABATEMENT PROPERTY

Parcel Identification Numbers:

91-420-2750
91-420-2105
91-420-2130
91-420-2135

91-420-2140
91-420-2145
91-420-1810