

CITY OF GRAND RAPIDS, MINNESOTA

RESOLUTION NO. ____

**RESOLUTION APPROVING A MODIFICATION TO
DEVELOPMENT PROGRAM FOR MUNICIPAL
DEVELOPMENT DISTRICT NO. 1 AND THE
ESTABLISHMENT OF TAX INCREMENT FINANCING
DISTRICT NO. 1-18: ELEVATION APARTMENTS
PROJECT (A HOUSING DISTRICT) AND A TAX
INCREMENT FINANCING PLAN THEREFOR**

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

Section 1. Recitals.

1.01. The City has heretofore established Municipal Development District No. 1 (the “Development District”) and adopted a Development Program therefor (the “Development Program”) pursuant to Minnesota Statutes, Sections 469.124 through 469.133, and Sections 469.174 to 469.1794, both as amended (the “TIF Act”). The City has proposed adopting a Modification to the Development Program (the “Modified Development Program”) for the Development District, establishing the Tax Increment Financing District No. 1-18: Elevation Apartments (a housing district) (the “TIF District”) therein, and adopting a Tax Increment Financing Plan (the “TIF Plan”) therefor (the Modified Development Program and the TIF Plan are referred to collectively herein as the “Plans”), all pursuant to and in conformity with the TIF Act and all as reflected in the Plans, and presented for the Council's consideration.

1.02. The City has investigated the facts relating to the Plans and has caused the Plans to be prepared.

1.03. Pursuant to Section 469.175, subdivision 2a of the TIF Act, notice of the proposed TIF District was delivered to the Itasca County (the “County”) Commissioner who represents the area to be included in the TIF District, at least 30 days before publication of the notice of public hearing.

1.04. Pursuant to Section 469.175, subdivision 2 of the TIF Act, the proposed Plans and the estimates of the fiscal and economic implications of the TIF Plan were presented to the Clerk of the Board of Education of Independent School District No. 318 and to the Auditor/Treasurer of the County (the “County Auditor/Treasurer”) at least 30 days before the date of the required public hearing; and

1.05. Certain written materials (the “Materials”) relating to the Plans and to the activities contemplated therein have heretofore been prepared by staff and consultants and submitted to the Council and/or made a part of the City files and proceedings on the Plans. The Materials include

the tax increment application made and other information supplied by Elevation Grand Rapids LLC, a Minnesota limited liability company (or one or more entities to be formed thereby or affiliated therewith, the “Developer”), as to the activities contemplated therein, the items listed under the heading “Supporting Documentation” in the TIF Plan, and information constituting or relating to (1) why the assistance satisfies the so-called “but for” test and (2) the bases for the other findings and determinations made in this resolution. The Council hereby confirms, ratifies, and adopts the Materials, which are hereby incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein.

1.06. The Board of Commissioners of the Grand Rapids Economic Development Authority (the “EDA”) adopted a resolution on July 23, 2026, supporting the adoption of the TIF District.

1.07. The City is not modifying the boundaries of the Development District, but is modifying the Development Program to include the establishment of the TIF District.

1.08. This Council has fully reviewed the contents of the Plans, and on this date conducted a duly noticed public hearing thereon at which the views of all interested persons were heard.

Section 2. Findings; Modified Development Program.

2.01. The Council finds that the boundaries of the Development District are not being expanded and the Development Program is not being modified other than to establish the TIF District therein, and therefore, the Council reaffirms the findings and determinations originally made in connection with the establishment of the Development District and the adoption of the Development Program therefor.

2.02. It is found and determined that the Modified Development Program is intended to provide an impetus for development in the public interest, that the land within the Development District would not be available for development without the financial aid to be sought under this Modified Development Program, and that the effect of the Modified Development Program will be to encourage development in accordance with the general plan of development of the City as a whole. The Council approves the Modified Development Program.

Section 3. Findings; TIF District

3.01. It is found and determined that it is necessary and desirable for the sound and orderly development of the Development District and the City as a whole, and for the protection and preservation of the public health, safety, and general welfare, that the authority of the TIF Act be exercised by the City to provide financial assistance in support of the TIF District and the Development District.

3.02. The Council hereby finds that the TIF District is in the public interest and is a

“housing district” within the meaning of Section 469.174, subdivision 11 of the TIF Act, because it consists of a project or portions of a project intended for occupancy, in part, by persons or families of low and moderate income as defined in Chapter 462A, Title II of the National Housing Act of 1934; the National Housing Act of 1959; the United States Housing Act of 1937, as amended; Title V of the Housing Act of 1949, as amended; and any other similar present or future federal, state or municipal legislation or the regulations promulgated under any of those acts. No more than 20% of the square footage of buildings that receive assistance from tax increments will consist of commercial, retail or other nonresidential uses.

3.03. It is further found and determined, and it is the reasoned opinion of the City, that the development proposed in the TIF Plan for the TIF District could not reasonably be expected to occur solely through private investment within the reasonably foreseeable future. This finding is supported by the fact that the development proposed in the TIF Plan is a housing district that meets the City's objectives for development and redevelopment. The cost of land acquisition, site and public improvements and utilities makes this housing development infeasible without City assistance. Due to decreased rental income from affordable units, there is insufficient cash flow to provide a sufficient rate of return, pay operating expenses, and service the debt. This leaves a gap in the funding for the project and makes this housing development feasible only through assistance, in part, from tax increment financing. The Developer was asked for and provided a letter and a proforma as justification that the Developer would not have gone forward without tax increment assistance. The City reasonably determines that no other development of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

3.04. The TIF Plan for the TIF District conforms to the general plan for development of the City as a whole and will generally serve to implement policies adopted in the City's comprehensive plan. The housing development contemplated in the TIF Plan will be in accordance with the existing zoning or approved zoning variances for the property.

3.05. The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of the TIF District and the Development District by private enterprise because it will provide an impetus for residential development, which is desirable or necessary for increased population and an increased need for life-cycle housing within the City; result in additional availability of affordable housing units; eliminate and prevent blight and blighting factors within the Development District and City; and help develop an underutilized site in the City. In addition, the proposed development described in the TIF Plan will increase the taxable market valuation in the City. The TIF Plan also helps the City meet their goal of providing more housing options in the City.

3.06. Background information and facts supporting all the above findings are set forth in the TIF Plan, including but not limited to Appendix C, and the TIF Plan and all findings set forth therein are incorporated herein by reference. In reaching its conclusions regarding the TIF Plan, the City Council has also relied upon reports and recommendations of its staff and consultants, information submitted by the Developer of the proposed development within the TIF District, as well as the knowledge of members of the City Council gained in hearings upon and during

consideration of other matters relating to the proposed development.

3.07. The adoption of the TIF Plan conforms in all respects to the requirements of the Act. The TIF Plan will help facilitate development that will create diverse housing opportunities and increase the number and availability of affordable housing units in the City, eliminate blighting factors and underutilized land in the City, help develop a vacant site in the City, and increase the tax base. The City expressly finds that any private benefit to be received by a private developer is incidental, as the tax increment assistance is provided solely to make the development financially feasible and thus produce the public benefits described. Therefore, the City finds that the public benefits of the TIF Plan exceed any private benefits.

Section 4. Modified Development Program and TIF Plan Adopted; Certification; Filing.

4.01. The Modified Development Program and the TIF Plan are hereby approved and adopted in substantially the form on file with the City.

4.02. The geographic boundaries of the TIF District and the Development District are described in the TIF Plan and Modified Development Program, respectively, and are incorporated herein by reference.

4.03. The City Administrator is authorized and directed to transmit a certified copy of this resolution together with a certified copy of the TIF Plan for the TIF District to the Auditor/Treasurer of Itasca County with a request that the original tax capacity of the property within the TIF District be certified to the City pursuant to Section 469.177, subdivision 1 of the TIF Act, and to file a copy of the Modified Development Program, and the TIF Plan with the Minnesota Commissioner of Revenue and State Auditor as required by the TIF Act.

Adopted this 27th day of July, 2026 by the City Council of the City of Grand Rapids, Minnesota.

Mayor

Attest:

City Clerk