Adoption Date: July 27, 2026

City of Grand Rapids
Itasca County, Minnesota

MODIFICATION TO THE DEVELOPMENT PROGRAM
Municipal Development District No. 1

&

Tax Increment Financing (TIF) Plan
Establishment of Tax Increment Financing District No. 1-18: Elevation Apartments
(a housing district)

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TABLE OF CONTENTS

Modification to the Development Program for Municipal Development District No. 1

FOREWORD

The following text represents a Modification to the Development Program for Municipal Development District No. 1. This modification represents a continuation of the goals and objectives set forth in the Development Program for Municipal Development District No. 1. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 1-18: Elevation Apartments.

For further information, a review of the Development Program for Municipal Development District No. 1, is recommended. It is available from the Community Development Director at the City of Grand Rapids. Other relevant information is contained in the tax increment financing plans for the tax increment financing districts located within Municipal Development District No. 1.

Tax Increment Financing Plan for Tax Increment Financing District No. 1-18: Elevation Apartments

FOREWORD

The City of Grand Rapids (the "City"), staff and consultants have prepared the following information to expedite the Establishment of Tax Increment Financing District No. 1-18: Elevation Apartments (the "District"), a housing tax increment financing district, located in Municipal Development District No. 1.

STATUTORY AUTHORITY

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the City has certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.124 - 469.133*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Development Program for Municipal Development District No. 1.

STATEMENT OF OBJECTIVES

The District currently consists of one parcel of land and adjacent roads and internal rights-of-way. The District is being created to facilitate the development of an anticipated 99 units of multi-family housing in the City. The City has designated Unique Opportunities LLC as the developer. Development is anticipated to begin in the Fall 2026. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Municipal Development District No. 1.

The activities contemplated in the Modification to the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Municipal Development District No. 1 and the District.

DEVELOPMENT PROGRAM OVERVIEW

Pursuant to the Development Program and authorizing state statutes, the City is authorized to undertake the following activities in the District:

1. Property to be Acquired - Selected property located within the District may be acquired by the City and is further described in this TIF Plan.

2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.

3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.

4. The City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

DESCRIPTION OF PROPERTY IN THE DISTRICT AND PROPERTY TO BE ACQUIRED

The District encompasses all property and adjacent roads rights-of-way and abutting roadways identified by the parcels listed below.

Parcel number	Address	Owner
91-653-0210	Unassigned	Voradnesoto

Please also see the map in Appendix B for further information on the location of the District.

The City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. The City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

DISTRICT CLASSIFICATION

The City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, finds that the District, to be established, is a housing district pursuant to *M.S., Section 469.174, Subd. 11 and M.S., Section 469.1761.*

- The District consists of one parcel.
- The development will consist of 99 units of multi-family rental housing.
- 20% of the units will be occupied by person with incomes less than 50% of area median income.
- No more that 20% of the square footage of the building that is receiving assistance from tax increment consists of commercial, retail or other non-residential uses.

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111*, *273.112, or 273.114* or *Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

DURATION & FIRST YEAR OF DISTRICT'S TAX INCREMENT

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by the City (a total of 26 years of tax increment). The City elects to receive the first tax increment in 2028, which is no later than four years following the year of approval of the District.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2053, or when the TIF Plan is satisfied. The City reserves the right to decertify the District prior to the legally required date.

ORIGINAL TAX CAPACITY, TAX RATE & ESTIMATED CAPTURED NET TAX CAPACITY VALUE/INCREMENT & NOTIFICATION OF PRIOR PLANNED IMPROVEMENTS

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2026 for taxes payable 2027, which were unavaialble at the time the TIF Plan was prepared.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2028) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the District;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the City.

The original local tax rate for the District will be the local tax rate for taxes payable 2027, assuming the request for certification is made before June 30, 2027. The rates for 2027 were not available at the time the District was established. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Municipal Development District No. 1, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The City requests 100% of the available increase in tax capacity be used for repayment of the obligations of the City and current expenditures, beginning in the tax year payable 2028. The Project Tax Capacity listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity		
Estimated Development Tax Capacity upon completion	263,838	
Less: Original Net Tax Capacity (ONTC)	4,394	
Less: Fiscal Disparities	0	
Estimated Captured Tax Capacity (CTC)	**259,444**	
Original Local Tax Rate	133.2050%	Pay 2026
Estimated Annual Tax Increment	**$345,593**	
Percent Retained by the City	100%	

Note: Tax capacity includes a 2% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 26. The tax capacity of the District in year one is estimated to be $41,008.

Pursuant to *M.S., Section 469.177, Subd. 4*, the City shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3.* The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City has reviewed the area to be included in the District and determined no building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

SOURCES OF REVENUE/BONDS TO BE ISSUED

The total estimated tax increment revenues for the District are shown in the table below:

SOURCES	
Tax Increment	$6,876,269
Interest	687,627
TOTAL	**$7,563,896**

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The City reserves the right to issue bonds (as defined in the TIF Act) or incur other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by pay-as-you-go notes and interfund loans. Any refunding amounts will be deemed a budgeted cost without a formal modification to this TIF Plan. This provision does not obligate the City to incur debt. The City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The City may issue bonds secured in whole or in part with tax increments from the District in a maximum principal amount of $4,491,474. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

USES OF FUNDS

Currently under consideration for the District is a proposal to facilitate the development of an anticipated 99 units of multi-family housing. The City has determined that it will be necessary to provide assistance to the project for certain District costs, as described herein.

The City has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

USES	
Land/Building Acquisition	$ -
Site Improvements/Preparation	2,000,000
Affordable Housing	-
Utilities	-
Other Qualifying Improvements	1,803,847
Administrative Costs (up to 10%)	687,627
PROJECT COSTS TOTAL	**$ 4,491,474**
Interest	3,072,422
PROJECT AND INTEREST COSTS TOTAL	**$ 7,563,896**

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in the Sources of Revenue section.

Estimated costs associated with the District are subject to change among categories without a modification to the TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. The City may expend funds for qualified housing activities outside of the District boundaries.

ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is

$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

Estimated Impact on Tax Base			
Entity	2025/Pay 2026 Total NTC	CTC upon completion	Percent of CTC to Entity Total
Itasca County	94,511,745	259,444	**0.2745%**
City of Grand Rapids	12,908,831	259,444	**2.0098%**
I.S.D. No. 318 (Itasca County)	65,649,442	259,444	**0.3952%**

Estimated Impact on Taxes				
Entity	Pay 2026 Extension Rate	Percent of Total	CTC	Potential Taxes
Itasca County	46.1710%	34.66%	259,444	**$119,788**
City of Grand Rapids	69.0420%	51.83%	259,444	**179,125**
I.S.D. No. 318 (Itasca County)	17.7900%	13.36%	259,444	**46,155**
Other	0.2020%	0.15%	259,444	**524**
	133.2050%	**100.00%**		**$345,593**

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2026 rate. The total net capacity for the entities listed above are based on Pay 2026 figures. The District will be certified under the Pay 2027 rates, which were unavailable at the time this TIF Plan was prepared.

Pursuant to *M.S., Section 469.175 Subd. 2(b)*:

(1) <u>Estimate of total tax increment.</u> It is estimated that the total amount of tax increment that will be generated over the life of the District is $6,876,269;

(2) <u>Probable impact of the District on city provided services and ability to issue debt.</u> An impact of the District on police protection is expected. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The probable impact of the District on fire protection is not expected to be significant. Typically, new buildings generate few calls, if any, and are of superior construction. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks.

The probable impact of the issuance of any general obligation tax increment bonds payable from tax increment revenues from the District on the City's ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

(3) <u>Estimated amount of tax increment attributable to school district levies.</u> It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is $918,350;

(4) <u>Estimated amount of tax increment attributable to county levies.</u> It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is $2,383,426;

(5) <u>Additional information requested by the county or school district.</u> The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S., Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

COUNTY ROAD COSTS

Pursuant to *M.S., Section 469.175, Subd. 1a*, the County Board may require the City to pay for all or part of the cost of county road improvements if the proposed development to be assisted by tax increment will, in the judgment of the County, substantially increase the use of county roads requiring construction of road improvements or other road costs and if the road improvements are not scheduled within the next five years under a capital improvement plan or another county plan.

If the County elects to use increments to improve county roads, it must notify the City within 45 days of receipt of this TIF Plan. In the opinion of the City and consultants, the proposed development outlined in this TIF Plan will have little or no impact upon county roads, therefore the TIF Plan was not forwarded to the county 45 days prior to the public hearing. The City is aware that the County could claim that tax increment should be used for county roads, even after the public hearing.

ADMINISTRATIVE EXPENSES

In accordance with *M.S., Section 469.174, Subd. 14*, administrative expenses means all expenditures of the City, including but not limited to:

(1) amounts paid for services provided by bond counsel, fiscal consultants, and economic development consultants; allocated expenses and staff time of the authority or municipality for administering a project, including but not limited to preparing the tax increment financing plan, negotiating and preparing agreements, accounting for segregated funds of the district, preparing and submitting required reporting for the district, and reviewing and monitoring compliance with *M.S. Sections 469.174 to 469.1794;*

(2) allocated expenses and staff time of the authority or municipality for administering a project, including but not limited to preparing the tax increment financing plan, negotiating and preparing agreements, accounting for segregated funds of the district, preparing and submitting required reporting for the district, and reviewing and monitoring compliance with *M.S. Sections 469.174 to 469.1794;*

(3) amounts paid to publish annual disclosures and provide notices under section *M.S. Section 469.175;*

(4) amounts to provide for the usual and customary maintenance and operation of properties purchased with tax increments, including

necessary reserves for repairs and the cost of any insurance;

(5) amounts allocated or paid to prepare a development action response plan for a soils condition district or hazardous substance subdistrict; and

(6) amounts used to pay bonds, interfund loans, or other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (5).

Administrative expenses and administrative costs do not include:

(1) amounts paid for the purchase of land or buildings;

(2) amounts paid to contractors or others providing materials and services directly connected with the physical development of the real property in the project, including architectural and engineering services and materials and services for demolition, soil correction, and the construction or installation of public improvements;

(3) relocation benefits paid to or services provided for persons residing or businesses located in the project;

(4) amounts paid for property taxes or payments in lieu of taxes; and

(5) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to *M.S. Section 469.178* or other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (4).

This definition does not apply to administrative expenses or administrative costs referenced under *M.S. Section 469.176, Subd. 4h.*

Tax increments may be used to pay for the County's actual administrative expenses. The County may require payment of those expenses by February 15 of the year after the year in which the expenses are incurred. The amount of these payments is not required to be set forth in the tax increment financing plan for the project. To obtain payment for actual administrative costs, the County Auditor must submit to the authority a record of costs incurred by the county auditor related to administration of the authority's tax increment financing districts.

The County Treasurer shall deduct an amount (currently 0.36 percent) of any increment distributed to the City, and the County Treasurer shall pay the amount deducted to the State Treasurer for deposit in the State General Fund to be appropriated to the State Auditor for the cost of financial reporting of tax increment financing information and the cost of examining and auditing authorities' use of tax increment financing. This amount may be adjusted annually by the Commissioner of Revenue.

ANNUAL DISCLOSURE REQUIREMENTS

The City must undertake financial reporting for all tax increment financing districts to the Office of the State Auditor, County Board and County Auditor on or before August 1 of each year. An annual statement shall be published in a newspaper of general circulation in the City on or before August 15.

If the City fails to make a disclosure or submit a report, the Office of the State Auditor (OSA) will direct the County Auditor to withhold the distribution of tax increment from the TIF District.

SUPPORTING DOCUMENTATION

Pursuant to *M.S., Section 469.175, Subd. 1 (a), clause 7* this TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S., Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District.

(i) In making said determination, reliance has been placed upon (1) written representation made by the Developer to such effects, (2) review of the Developer's proforma; and (3) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in the City Council resolution approving the establishment of the District and Appendix C. Following is a list of reports and studies on file at the City that support the findings:

   a. TIF Application dated May 2026.

(ii) A comparative analysis of estimated market value both with and without establishment of the District and the use of tax increments has been performed. Such analysis is included with the cashflow in Appendix B and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

DISTRICT ADMINISTRATION

Administration of the District will be handled by the Community Development Director.

Appendix A: Project Description and Legal Description

Tax Increment Financing District No. 1-18: Elevation Apartments is being created to assist with the development of an anticipated 99 units of mixed income rental housing in the City of Grand Rapids. The development will have at least 20% of the units available to persons at or below 50% of area median income for the duration of the District.

Development is anticipated to begin in the Fall 2026. The EDA anticipates issuing a pay-as-you-go note for the assistance.

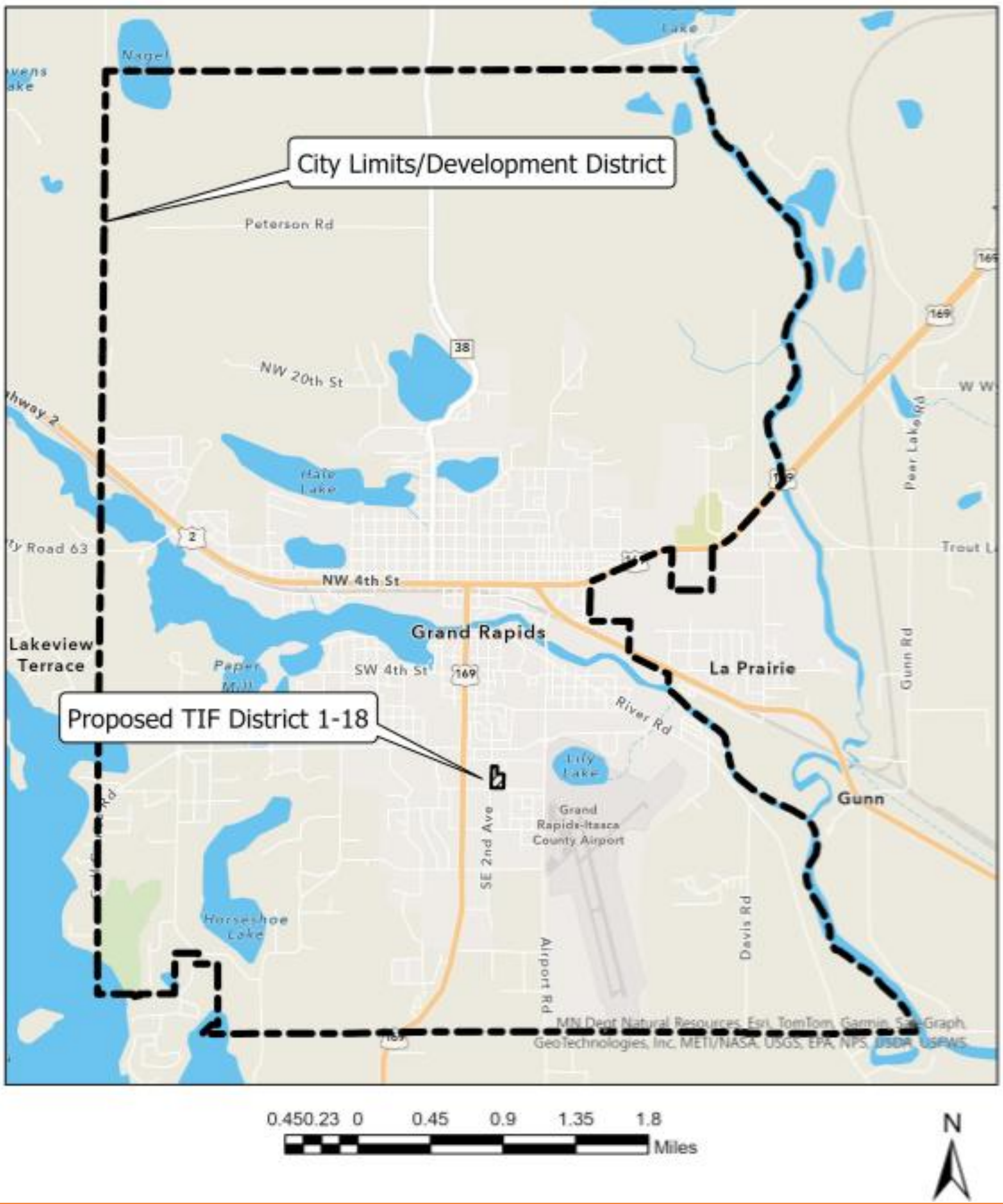
Appendix B: Map of Municipal Development District No. 1 and the TIF District

Tax Increment Financing District No. 1-18: Elevation Apartments

Municipal Development District No. 1

City of Grand Rapids, MN

The boundaries of Municipal Development District No. 1 are coterminous with the City limits.



Appendix C: Estimated Cash Flow for the District

Unique Opportunities: Elevation Apartments. 2% Inflation

City of Grand Rapids, MN

99 unit apartment development

ASSUMPTIONS AND RATES

DistrictType:	**Housing**	
District Name/Number:	**TIF 1-18**	
County District #:		
First Year Construction or Inflation on Value	**2026**	
Existing District - Specify No. Years Remaining		
Inflation Rate - Every Year:	**2.00%**	
Interest Rate:	**5.00%**	
Present Value Date:	**1-Aug-27**	
First Period Ending	1-Feb-28	
Tax Year District was Certified:	**Pay 2027**	
Cashflow Assumes First Tax Increment For Development:	2028	
Years of Tax Increment	26	
Assumes Last Year of Tax Increment	2053	
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	**NA**	
Incremental or Total Fiscal Disparities	**Incremental**	
Fiscal Disparities Contribution Ratio		
Fiscal Disparities Metro-Wide Tax Rate		
Maximum/Frozen Local Tax Rate:	133.205%	Pay 2026
Current Local Tax Rate: (Use lesser of Current or Max.)	133.205%	Pay 2026
State-wide Tax Rate (Comm./Ind. only used for total taxes)	28.3130%	Pay 2026
Market Value Tax Rate (Used for total taxes)	0.08175%	Pay 2026

Tax Rates

Exempt Class Rate (Exempt)			0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)			
	First	$150,000	1.50%
	Over	$150,000	2.00%
Commercial Industrial Class Rate (C/I)			2.00%
Rental Housing Class Rate (Rental)			1.25%
Affordable Rental Housing Class Rate (Aff. Rental)			
	First	$100,000	0.25%
	Over	$100,000	0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)			
	First	$500,000	1.00%
	Over	$500,000	1.25%
Homestead Residential Class Rate (Hmstd. Res.)			
	First	$500,000	1.00%
	Over	$500,000	1.25%
Agricultural Non-Homestead			1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
1	91-653-0210	Voradnesoto	Unassigned	351,500	0	351,500	100%	351,500	Pay 2026	C/I Pref.	6,280	Rental	4,394	1
				351,500	**0**	**351,500**		**351,500**			**6,280**		**4,394**	

Note:

1. **Base values are for pay 2026 based on review of County website on May 29, 2026.**
2. **Located in ISD #318.**

Unique Opportunities: Elevation Apartments. 2% Inflation

City of Grand Rapids, MN
99 unit apartment development

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PROJECT INFORMATION (Project Tax Capacity)

Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2026	Percentage Completed 2027	Percentage Completed 2028	Percentage Completed 2029	First Year Full Taxes Payable
	Apartments	132,553	132,553	99	13,122,700	Rental	164,034	1,657	25%	100%	100%	100%	2029
TOTAL					**13,122,700**		**164,034**						
Subtotal Residential				**99**	**13,122,700**		**164,034**						
Subtotal Commercial/Ind.				**0**	**0**		**0**						

Note:

1. Market values are based upon estimated value for Grand Rapids Apartments LLC.

TAX CALCULATIONS

New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Apartments	**164,034**	**0**	**164,034**	**218,501**	**0**	**0**	**10,728**	**229,229**	**2,315.44**
TOTAL	**164,034**	**0**	**164,034**	**218,501**	**0**	**0**	**10,728**	**229,229**	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?

Total Property Taxes	**229,229**
less State-wide Taxes	**0**
less Fiscal Disp. Adj.	**0**
less Market Value Taxes	**(10,728)**
less Base Value Taxes	**(5,853)**
Annual Gross TIF	**212,648**

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Unique Opportunities: Elevation Apartments. 2% Inflation

City of Grand Rapids, MN

99 unit apartment development

TAX INCREMENT CASH FLOW

% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
							-	-	-	-				02/01/28
100%	41,008	(4,394)	-	36,615	133.205%	48,773	24,386	(88)	(2,430)	21,869	20,815	0.5	2028	08/01/28
							24,386	(88)	(2,430)	21,869	41,122	1	2028	02/01/29
100%	164,034	(4,394)	-	159,640	133.205%	212,648	106,324	(383)	(10,594)	95,347	127,502	1.5	2029	08/01/29
							106,324	(383)	(10,594)	95,347	211,775	2	2029	02/01/30
100%	167,314	(4,394)	-	162,921	133.205%	217,018	108,509	(391)	(10,812)	97,307	295,683	2.5	2030	08/01/30
							108,509	(391)	(10,812)	97,307	377,543	3	2030	02/01/31
100%	170,661	(4,394)	-	166,267	133.205%	221,476	110,738	(399)	(11,034)	99,305	459,048	3.5	2031	08/01/31
							110,738	(399)	(11,034)	99,305	538,564	4	2031	02/01/32
100%	174,074	(4,394)	-	169,680	133.205%	226,022	113,011	(407)	(11,260)	101,344	617,734	4.5	2032	08/01/32
							113,011	(407)	(11,260)	101,344	694,973	5	2032	02/01/33
100%	177,555	(4,394)	-	173,162	133.205%	230,660	115,330	(415)	(11,491)	103,423	771,874	5.5	2033	08/01/33
							115,330	(415)	(11,491)	103,423	846,899	6	2033	02/01/34
100%	181,107	(4,394)	-	176,713	133.205%	235,390	117,695	(424)	(11,727)	105,544	921,596	6.5	2034	08/01/34
							117,695	(424)	(11,727)	105,544	994,471	7	2034	02/01/35
100%	184,729	(4,394)	-	180,335	133.205%	240,215	120,108	(432)	(11,968)	107,708	1,067,025	7.5	2035	08/01/35
							120,108	(432)	(11,968)	107,708	1,137,810	8	2035	02/01/36
100%	188,423	(4,394)	-	184,029	133.205%	245,136	122,568	(441)	(12,213)	109,914	1,208,283	8.5	2036	08/01/36
							122,568	(441)	(12,213)	109,914	1,277,038	9	2036	02/01/37
100%	192,192	(4,394)	-	187,798	133.205%	250,156	125,078	(450)	(12,463)	112,165	1,345,489	9.5	2037	08/01/37
							125,078	(450)	(12,463)	112,165	1,412,270	10	2037	02/01/38
100%	196,036	(4,394)	-	191,642	133.205%	255,276	127,638	(459)	(12,718)	114,461	1,478,757	10.5	2038	08/01/38
							127,638	(459)	(12,718)	114,461	1,543,621	11	2038	02/01/39
100%	199,956	(4,394)	-	195,562	133.205%	260,499	130,249	(469)	(12,978)	116,803	1,608,199	11.5	2039	08/01/39
							130,249	(469)	(12,978)	116,803	1,671,201	12	2039	02/01/40
100%	203,955	(4,394)	-	199,562	133.205%	265,826	132,913	(478)	(13,243)	119,191	1,733,923	12.5	2040	08/01/40
							132,913	(478)	(13,243)	119,191	1,795,116	13	2040	02/01/41
100%	208,034	(4,394)	-	203,641	133.205%	271,260	135,630	(488)	(13,514)	121,627	1,856,036	13.5	2041	08/01/41
							135,630	(488)	(13,514)	121,627	1,915,471	14	2041	02/01/42
100%	212,195	(4,394)	-	207,801	133.205%	276,802	138,401	(498)	(13,790)	124,112	1,974,641	14.5	2042	08/01/42
							138,401	(498)	(13,790)	124,112	2,032,367	15	2042	02/01/43
100%	216,439	(4,394)	-	212,045	133.205%	282,455	141,227	(508)	(14,072)	126,647	2,089,836	15.5	2043	08/01/43
							141,227	(508)	(14,072)	126,647	2,145,903	16	2043	02/01/44
100%	220,768	(4,394)	-	216,374	133.205%	288,221	144,111	(519)	(14,359)	129,233	2,201,719	16.5	2044	08/01/44
							144,111	(519)	(14,359)	129,233	2,256,174	17	2044	02/01/45
100%	225,183	(4,394)	-	220,789	133.205%	294,103	147,051	(529)	(14,652)	131,870	2,310,385	17.5	2045	08/01/45
							147,051	(529)	(14,652)	131,870	2,363,274	18	2045	02/01/46
100%	229,687	(4,394)	-	225,293	133.205%	300,102	150,051	(540)	(14,951)	134,560	2,415,925	18.5	2046	08/01/46
							150,051	(540)	(14,951)	134,560	2,467,292	19	2046	02/01/47
100%	234,281	(4,394)	-	229,887	133.205%	306,221	153,110	(551)	(15,256)	137,303	2,518,428	19.5	2047	08/01/47
							153,110	(551)	(15,256)	137,303	2,568,316	20	2047	02/01/48
100%	238,966	(4,394)	-	234,572	133.205%	312,462	156,231	(562)	(15,567)	140,102	2,617,980	20.5	2048	08/01/48
							156,231	(562)	(15,567)	140,102	2,666,433	21	2048	02/01/49
100%	243,746	(4,394)	-	239,352	133.205%	318,829	159,414	(574)	(15,884)	142,956	2,714,667	21.5	2049	08/01/49
							159,414	(574)	(15,884)	142,956	2,761,724	22	2049	02/01/50
100%	248,620	(4,394)	-	244,227	133.205%	325,322	162,661	(586)	(16,208)	145,868	2,808,569	22.5	2050	08/01/50
							162,661	(586)	(16,208)	145,868	2,854,272	23	2050	02/01/51
100%	253,593	(4,394)	-	249,199	133.205%	331,946	165,973	(598)	(16,538)	148,838	2,899,767	23.5	2051	08/01/51
							165,973	(598)	(16,538)	148,838	2,944,153	24	2051	02/01/52
100%	258,665	(4,394)	-	254,271	133.205%	338,702	169,351	(610)	(16,874)	151,867	2,988,337	24.5	2052	08/01/52
							169,351	(610)	(16,874)	151,867	3,031,444	25	2052	02/01/53
100%	263,838	(4,394)	-	259,444	133.205%	345,593	172,796	(622)	(17,217)	154,957	3,074,355	25.5	2053	08/01/53
							172,796	(622)	(17,217)	154,957	3,116,220	26	2053	02/01/54
Total							**6,901,113**	**(24,844)**	**(687,627)**	**6,188,642**				
		Present Value From 08/01/2027		**Present Value Rate**	**5.00%**		**3,474,976**	**(12,510)**	**(346,247)**	**3,116,220**				

Appendix D: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 1-18: Elevation Apartments, as required pursuant to *Minnesota Statutes, (M.S.) Section 469.175, Subdivision 3* are as follows:

1. *Finding that Tax Increment Financing District No. 1-18: Elevation Apartments is a housing district as defined in M.S., Section 469.174, Subd. 11.*

   Tax Increment Financing District No. 1-18: Elevation Apartments consists of one parcel. The development will consist of the development of an anticipated 99 units of multi-family housing, all or a portion of which will receive tax increment assistance and will meet income restrictions described in *M.S. Section 469.1761.* At least 20% of the units receiving assistance will be occupied by individuals and families whose incomes are at or below 50% of area median income.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.*

   The proposed development, in the opinion of the City, would 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 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 increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan: This finding is justified on the grounds that the cost of site and public improvements, utilities and construction of affordable housing add to the total development cost. Historically, the costs of site and public improvements as well as reduced rents required for affordable workforce housing in the City have made development infeasible 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. *Finding that the TIF Plan for Tax Increment Financing District No. 1-18: Elevation Apartments conforms to the general plan for the development or redevelopment of the municipality as a whole.*

   The City Council reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for Tax Increment Financing District No. 1-18: Elevation Apartments will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Municipal Development District No. 1 by private enterprise.*

   Through the implementation of the TIF Plan, the City 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. The TIF Plan also helps Grand Rapids meet their goal of providing more affordable housing options in the City.