

CITY OF GRAND RAPIDS, MINNESOTA

RESOLUTION NO. _____

**RESOLUTION GRANTING A PROPERTY TAX ABATEMENT
FOR CERTAIN PROPERTY IN THE CITY AND APPROVING A
TAX ABATEMENT AGREEMENT WITH YANMAR COMPACT
EQUIPMENT NORTH AMERICA, INC.**

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

Section 1. Recitals.

1.01. Yanmar Compact Equipment North America, Inc., a Delaware corporation (formerly known as ASV Holdings, Inc.), or an affiliate thereof or an entity related thereto (the “Developer”), owns the real property located at 840 Lily Lane in the City consisting of the parcels identified as PID#s 91-568-0220, 91-569-0110, 91-027-2401, 91-027-2105, 91-568-0210, 91-566-0305, 91-566-0310, 91-566-0315, 91-566-0320, 91-566-0325 and 91-566-0330 (the “Property”).

1.02. The Developer proposes to acquire, construct, improve and equip an approximately 32,000 square foot expansion to a compact equipment production facility to be used for manufacturing including a new paint system (the “Project”) to be owned and operated by the Developer.

1.03. With the Project, the Developer proposes to expand its operations, maintain jobs and and create jobs in the City and the State.

1.04. In order to assist with the costs of the Project, the City applied for and received a grant in the amount \$350,000 (the “IRRR Grant”) from the Minnesota Department of Iron Range Resources and Rehabilitation (the “IRRR”).

1.05. The IRRR and the City entered into a State of Minnesota Grant Contract Agreement effective as of April 19, 2022 (the “IRRR Grant Agreement”) and the City intends to provide proceeds of the IRRR Grant to the Developer for eligible costs of the Project as described in the IRRR Grant Agreement.

1.06. Pursuant to Minnesota Statutes, Sections 469.1812 through 469.1815, as amended (the “Abatement Act”), the Developer has also requested a property tax abatement on the Property to the Developer in order to assist in financing a portion of the costs of the Project. The proposed term of the abatement will be up to twenty (20) years in an amount not to exceed \$360,683 (consisting of principal in the amount of \$234,000 and interest at a rate of 4.75% per annum). The proposed abatement will apply to the Developer’s share of real estate taxes which relate to the construction of the Project on the Property by the Developer and not the real estate taxes on the Property that relate to the existing land and building value (the “City Abatement”). The Developer has also requested a property tax abatement on the Property from the County (the “County Abatement”).

1.05. The City Abatement and the IRRR Grant constitute business subsidies within the meaning of Minnesota Statutes, Sections 116J.993 to 116J.995, as amended (the “Business Subsidy Act”).

1.06. The City, Itasca County, Minnesota (the “County”) and the Developer have caused to be prepared a Tax Abatement Agreement (the “Agreement”) setting forth the terms and conditions under which the City and the County will provide tax abatement assistance for the Project and pursuant to which the City will provide the IRRR Grant for the Project. The Agreement includes a business subsidy agreement whereby the Developer has agreed to meet certain job and wage goals in connection with the business subsidy represented by the City Abatement, the County Abatement and IRRR Grant as required by the Business Subsidy Act.

1.07. On the date hereof, the City Council conducted a duly noticed public hearing on the City Abatement, as well as the business subsidies to be provided to the Developer. The views of all interested persons were heard and considered at the public hearing.

Section 2. Findings.

2.01. The recitals set forth above are incorporated into this resolution.

2.02. It is hereby found and determined that the benefits to the City from the City Abatement will be at least equal to the costs to the City of the City Abatement, because (a) based on representations of the Developer, the City believes that the development to be facilitated is not reasonably likely to occur absent the City Abatement and (b) the long-term taxes collected from the Property after termination of the City Abatement will exceed the amount of the City Abatement returned to the Developer.

2.03. It is hereby found and determined that the City Abatement is in the public interest because it is expected to result in the following public benefits:

(a) The City Abatement will increase the City’s tax base through the creation of an estimated \$1,545,900 increase in market value for the Property;

(b) The City Abatement will help an existing business expand in the City, the County and the State; and

(c) It will provide additional employment opportunities in the City, the County, and the State of Minnesota (the “State”).

Section 3. Actions Ratified; City 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 and the Business Subsidy Act.

3.02. Subject to the provisions of the Abatement Act and the execution of the Agreement as set forth in Section 4 hereof, the City Abatement is hereby approved and adopted subject to the following terms and conditions:

(a) The term “Abatement” means the real property taxes generated in any tax-payable year by extending the City’s total tax rate for that year against the tax capacity increase resulting from the construction of the Project, excluding the tax capacity of the land and the existing buildings on the property and excluding the portion of the tax capacity attributable to the areawide tax under Minnesota Statutes, Chapter 473F, all as of January 2 in the prior year.

(b) The City will pay the Abatements in the amount, at the time, and in accordance with the terms and conditions that set forth in the Agreement.

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

(d) Subject to a letter from Independent School District No. 318 declining to participate in the Abatement, the City Abatement will have a maximum term of twenty (20) years.

(e) In no event shall the total payments of the City Abatement to the Developer exceed \$360,683 (equal to the principal in the amount of \$234,000 and interest at a rate of 4.75% per annum) or continue to be paid for more than twenty (20) years as set forth in the Agreement.

(f) The City Abatement is subject to modification in accordance with the Abatement Act, subject to the terms of the Agreement.

(g) 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 City Abatement the total estimated amount of current year City Abatement granted under this resolution.

(h) The City makes no warranties or representations regarding the amount or availability of the City Abatement.

Section 4. Agreement Approved.

4.01. The City believes that the development of the Project pursuant to the Agreement, and fulfillment generally of the Agreement, are in the vital and best interests of the City and the health, safety, morals, and welfare of its residents. Those public purposes include providing employment opportunities in the City, County and State, increasing the tax base in the City, the County and the State, preventing an existing business from relocating to another state, helping the expansion of an existing manufacturing facility achieve a rate of return to make expansion in the City economically feasible, and retaining and expanding a manufacturing facility in the City.

4.02. The City hereby approves the Agreement substantially in accordance with the terms set forth in the form presented to the City Council, together with any related documents necessary in connection therewith, including the City's Taxable Abatement Revenue Note and without limitation all documents, exhibits, certifications or consents referenced in or attached to the Agreement (collectively, the "Development Documents") and hereby authorizes the Mayor and City Administrator to negotiate the final terms thereof and, in their discretion and at such time as they may deem appropriate, to execute the Development Documents on behalf of the City, and to carry out, on behalf of the City, the City's obligations thereunder when all conditions precedent thereto have been satisfied.

4.03. The approval hereby given to the Development Documents includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by legal counsel to the

City and by the officers authorized herein to execute said documents prior to their execution; and said officers are hereby authorized to approve said changes on behalf of the City. The execution of any instrument by the appropriate officers of the City herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof. This Resolution shall not constitute an offer and the Development Documents shall not be effective until the date of execution thereof as provided herein. In the event of absence or disability of the officers, any of the documents authorized by this Resolution to be executed may be executed without further act or authorization of the City Council by any duly designated acting official, or by such other officer or officers of the City Council as, in the opinion of the City Attorney, may act in their behalf.

4.04. Upon execution and delivery of the Development Documents, the officers and employees of the City are hereby authorized and directed to take or cause to be taken such actions as may be necessary on behalf of the City to implement the Development Documents.

Section 5. Effective Date. This resolution is effective upon execution in full of the Agreement.

Adopted on February 13, 2023 by the City Council of the City of Grand Rapids, Minnesota.

Mayor

City Clerk