

CITY OF GRAND RAPIDS, MINNESOTA

RESOLUTION NO. _____

RESOLUTION APPROVING A MODIFICATION OF THE DEVELOPMENT PROGRAM FOR MUNICIPAL DEVELOPMENT DISTRICT NO. 1, THE ESTABLISHMENT OF TAX INCREMENT FINANCING DISTRICT NO. 1-17: OPPIDAN WORKFORCE HOUSING, AND A TAX INCREMENT FINANCING PLAN THEREFOR

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

Section 1. Background.

1.01. The City has previously established Municipal Development District No. 1 (the “Development District”) within the City and has approved a Development Program therefor (the “Development Program”) in accordance with Minnesota Statutes, Sections 469.124 through 469.133, as amended (the “City Development District Act”).

1.02. The City has proposed to establish Tax Increment Financing District No. 1-17: Oppidan Workforce Housing (the “TIF District”), an economic development district for workforce housing within the Development District, and adopt a Tax Increment Financing Plan therefor (the “TIF Plan”), all pursuant to the City Development District Act and Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”). To that end, the City has caused to be prepared a Modification to the Development Program (the “Development Program Modification”) and a Tax Increment Financing Plan for the TIF District (the “TIF Plan”). Copies of the Development Program Modification and the TIF Plan are on file with the City.

1.03. On November 14, 2024, the Board of Commissioners of the Grand Rapids Economic Development Authority (the “Authority”) adopted a resolution supporting the creation of the TIF District and the adoption of the Development Program Modification and the TIF Plan.

1.04. The City and its consultants have performed all actions required by law to be performed prior to the adoption and approval of the Development Program Modification and the TIF Plan, including without limitation: (i) notification of the commissioner of Itasca County, Minnesota (the “County”) representing the area included in the TIF District; (ii) notification of the County Auditor of the County and Clerk of the Board of Education of Independent School District No. 318 (the “School District”); and (iii) adoption of resolutions approving of the TIF Plan by the governing bodies of the County and the School District, following receipt, review, and discussion of the TIF Plan for the TIF District.

1.05. The TIF Plan and certain information and material (collectively, the “Materials”) relating to the TIF Plan and to the activities contemplated therein have heretofore been prepared and submitted to the Council and/or made a part of the City’s files and proceedings on the TIF Plan. The Materials include the tax increment application, project pro forma financial statement, project sources and uses and other information supplied by Oppidan Investment Company, a corporation under the laws of Minnesota or an entity related thereto or affiliate thereof (the “Developer”), as to the activities contemplated therein, and information constituting or relating to (1) why the assistance satisfies the so-called “but for” test; (2) the bases for the other findings and determinations made in this resolution; and why the TIF District qualifies

as an economic development tax increment financing district for workforce housing in accordance with the TIF Act. 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 TIF District is being established to facilitate the acquisition by the Developer of certain property in the TIF District currently owned by the Authority (the “Property”) and the construct a 132-unit multifamily housing project (the “Development”).

1.07. On the date hereof, the City Council conducted a public hearing, following notice thereof published in the City’s official newspaper at least 10 but not more than 30 days prior to the date hereof. The views of all interested persons were heard and considered at the public hearing.

Section 2. Findings; Development District.

2.01. The boundaries of the Development District are not being expanded and the Development Program is not being modified other than to incorporate the establishment of the TIF District therein; therefore, the City 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. The purposes and development activities set forth in the proposed Development District Modification are hereby expanded to include all development and redevelopment activities occurring within the TIF District.

2.02. It is further specifically found and determined that (i) the land within the Development District would not be made available for redevelopment or development of workforce housing without the public intervention and financial assistance described in the Development Program Modification; (ii) the Development Program Modification will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development and redevelopment of the Development Program by private enterprise; and (iii) the Development Program Modification conforms to the general plan for the development of the City as a whole and otherwise promotes certain public purposes and accomplish certain objectives as specified in the Development Program Modification and the TIF Plan.

Section 3. Findings; TIF District.

3.01. The City Council hereby finds that the Development within the TIF District is in the public interest and the TIF District is an economic development district for workforce, as defined in Section 469.174, subdivision 12 and Minnesota Statutes, Section 469.176, Subd. 4c of the TIF Act, because the Development will (i) help provide needed housing for employees of local businesses and other residents; (ii) result in increased employment through construction jobs in the City and the State; (iii) help provide a range of housing options in the City; and (iv) result in capital investment in the City, which will preserve and enhance the City and the State’s tax base.

3.02. The City Council hereby makes the following additional findings:

(a) The City Council further finds that the proposed Development, in the opinion of the City Council, would not occur solely through private investment within the reasonably foreseeable future and, therefore, the use of tax increment financing is deemed necessary. The specific basis for such finding being:

This finding is supported by the fact that the Development is an anticipated 132 units of market rate rental housing that meets the City's objectives for economic development and need for housing in the City. The cost of land acquisition, construction of improvements to the Property, and related site improvements

necessary to maximize development potential, makes development of the facility infeasible without City assistance. 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

(b) The City Council further finds that the TIF Plan conforms to the general plan for the development or redevelopment of the City as a whole. The specific basis for such finding being:

The TIF Plan and the sale of the land by the Authority to the Developer conforms with the general development plan of the City and will generally complement and serve to implement policies adopted in the City's comprehensive plan. The construction of the Development and the sale of the property by the Authority is in accordance with the existing zoning or approved zoning variances for the property.

(c) The City Council further finds that the TIF Plan will afford maximum opportunity consistent with the sound needs of the City as a whole for the development of the Development District by private enterprise. The specific basis for such finding being:

The Development will result in an increased tax base of the State, develop urgently needed workforce housing to serve employees of businesses located in the municipality or surrounding area, provide housing options for the City, help maintain and attract workers in the City for current and future employers, and add a high- quality development to the City.

(d) For purposes of compliance with Section 469.175, subdivision 3(b)(2) of the TIF Act, the City Council hereby finds that the increased market value of the property to be developed within the TIF District that could reasonably be expected to occur without the use of tax increment financing is likely \$0, which is less than the increase in market value estimated to result from the Development (approximately \$13,809,120), after subtracting the present value of the projected tax increments for the maximum duration of the TIF District (approximately \$1,553,018), which is approximately \$12,256,102. Thus, the use of tax increment financing will be a positive net gain to the City, the School District, and the County, and the tax increment assistance does not exceed the benefit which will be derived therefrom.

(e) The City Council further finds that (i) it is located outside of the metropolitan area, as defined in Minnesota Statutes, Section 473.121, subdivision 2; (ii) based on market studies and phone surveys covering the City, the average vacancy rate for rental housing located in the City and in any statutory or home rule charter city located within 15 miles or less of the boundaries of the municipality has been 3.00% or less for at least the immediately preceding two-year period; (iii) at least one business located in the municipality or within 15 miles of the municipality that employs a minimum of 20 full-time equivalent employees in aggregate has provided a written statement indicating that the lack of available rental housing has impeded the ability of the business to recruit and hire employees; and (iv) the City intends to use increments from the TIF District for the development of rental housing to serve employees of businesses located in the municipality or surrounding area.

3.03. The provisions of Sections 3.02 hereof are hereby incorporated by reference into and made a part of the TIF Plan. The findings of the TIF Plan are incorporated herein by reference and made a part hereof.

3.04. The City Council further finds that TIF Plan is intended and in the judgment of the City Council its effect will be to promote the public purposes and accomplish the objectives specified therein. The TIF Plan will increase employment, help fulfill a need to develop an area of the City which is already built up, provide housing opportunities, improve the tax base and to improve the general economy of the State and thereby serves a public purpose. The City Council 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 Council finds that the public benefits of the TIF Plan exceed any private benefits.

Section 4. Creation of the TIF District and Approval and Adoption of the TIF Plan.

4.01. The TIF District is hereby established and the TIF Plan, as presented to the City Council on this date, including without limitation the findings and statements of objectives contained therein, is hereby approved, ratified, established, and adopted and shall be placed on file in the office of the in the office of the Community Development Director. Approval of the TIF Plan does not constitute approval of any project or a development agreement with any developer. City staff and consultants are authorized and directed to proceed with implementation of the TIF Plan and to transmit the request for certification of the TIF District to the County Auditor in such form and content as the County Auditor may specify and to file a copy of TIF Plan with the Minnesota Commissioner of Revenue and the Office of the State Auditor as required by the TIF Act. The County Auditor is requested to certify the original net tax capacity of the TIF District as described in the TIF Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased in accordance with the Act.

4.02. City staff, advisors, and legal counsel are authorized and directed to proceed with the implementation of the TIF Plan and to negotiate, draft, prepare, and present to the City Council for its consideration all further plans, resolutions, documents, and contracts necessary for this purpose.

Approved this December 2, 2024, by the City Council of the City of Grand Rapids, Minnesota.

Mayor

ATTEST:

City Clerk