

CITY OF GRAND RAPIDS, MINNESOTA

RESOLUTION NO. _____

**RESOLUTION GRANTING A PROPERTY TAX ABATEMENT
FOR CERTAIN PROPERTY IN THE CITY**

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. Oppidan Investment Company, a corporation under the laws of Minnesota or an entity related thereto or affiliate thereof (the “Developer”), plans to purchase certain real property in the City legally described in Exhibit A attached hereto (the “Property”) and currently owned by the Grand Rapids Economic Development Authority (the “Authority”), a body corporate and politic organized and existing under the laws of the State of Minnesota (the “State”) or the City.

1.02. The Developer proposes to acquire the Property from the Authority and to construct a 132-unit multifamily housing project (the “Project”) to be owned by the Developer.

1.03. To make the Project financially feasible, the Developer has requested financial assistance from the City in the form of a property tax abatement and tax increment financing assistance and a write down of the land acquisition price from the Authority.

1.04. Pursuant to Minnesota Statutes, Sections 469.1812 through 469.1815, as amended (the “Abatement Act”), the City is authorized to provide a property abatement in certain situations. The Developer has requested abatement for a period of up to twenty (20) years in an amount not to exceed \$3,000,000. 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 to the real estate taxes on the Property that relate to the existing land value (the “Abatement”).

1.05. On November 14, 2024, the Board of Commissioners of the Authority adopted a resolution supporting the creation of the TIF District and the adoption of the Development Program Modification and the TIF Plan.

1.06. In addition, by separate resolution, the City intends to create an economic development tax increment financing district (the “TIF District”) in accordance with Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”) to provide additional assistance to the Project.

1.07. The Property consists of the same property comprising the TIF District. Pursuant to Section 469.1813, subdivision 4 of the Act, abatement of taxes on a parcel may not occur while the parcel is located in a tax increment financing district. However, the TIF District will terminate after nine (9) years pursuant to Section 469.176 of the TIF Act. The City may commence abating taxes on the Property in the year following the year the TIF District is decertified.

1.08. On the date hereof, the City Council conducted a public hearing on the Abatement, 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.

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 Abatement will be at least equal to the costs to the City of the 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 Abatement and (b) the long-term taxes collected from the Property after termination of the Abatement will exceed the amount of the Abatement provided to the Developer.

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

(a) The Abatement will increase the City's tax base through the creation of an estimated \$13,809,120 increase in taxable market value for the Property;

(b) The Abatement will help provide access to services in the City by providing additional housing;

(c) It will provide additional employment opportunities in the City and the State of Minnesota, including construction jobs;

(d) The Abatement will increase or preserve tax base by stimulating development helping to maintain values in the area by providing workforce housing to local businesses so that they may maintain and grow their workforces; and

(e) It will provide additional housing opportunities in the City which helps satisfy a goal and need for the City which currently has a housing shortage and a low vacancy rate is supported by recent housing studies.

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. The City Administrator or his assignee is authorized to negotiate and prepare a Development Assistance Agreement, by and between the City, the Authority and the Developer (the "Agreement"), setting forth the terms and conditions under which the City will provide tax abatement assistance and tax increment financing assistance for the Project, to be submitted for consideration by the City Council on a future date.

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

(a) The term "Abatement" means a portion of the City's share of annual real property taxes received by the City with respect to the Property in an amount calculated in each tax-payable year as follows: the City's tax rate for such tax-payable year multiplied by the difference between the net tax capacity of the Property as improved by the Project as determined by the City in its sole discretion, as of January 2 of the prior year, less \$735 (i.e. the net tax capacity of the Property, as established by the County assessor for taxes payable in 2024).

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

(c) In accordance with Section 469.1813, subdivision 8 of the Abatement Act, in no year shall the 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 “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 Abatement granted pursuant to this resolution.

(d) Subject to a letter from Independent School District No. 318 or Itasca County declining to participate in the Abatement, the Abatement will have a maximum term of twenty (20) years beginning after the decertification of the TIF District.

(e) In no event shall the total payments of the Abatement to the Developer exceed \$3,000,000 or continue to be paid for more than twenty (20) years.

(f) The 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, each year during the term of the Abatement the City will add to its levy the total estimated amount of current year Abatement granted under this resolution.

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

Section 4. Effective Date. This resolution is effective upon execution in full of the Agreement.

Adopted on December 2, 2024 by the City Council of the City of Grand Rapids, Minnesota.

Mayor

ATTEST:

City Clerk

EXHIBIT A

PROPERTY

The Property includes parcel identification number 91-536-0110 and is legally described as follows:

Lot 1, Block 1, Great River Acres, Itasca County, Minnesota.