

**GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY**

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION APPROVING COLLATERAL ASSIGNMENT AND  
SUBORDINATION OF DEVELOPMENT ASSISTANCE  
AGREEMENT, TIF NOTE AND TAX ABATEMENT NOTE**

BE IT RESOLVED by the Board of Commissioners (the “Board of Commissioners”) of the Grand Rapids Economic Development Authority (the “Authority”) as follows:

Section 1. Recitals.

1.01. The City of Grand Rapids, Minnesota (the “City”) established Tax Increment Financing District No. 1-17: Oppidan Workforce Housing (the “TIF District”), an economic development district within Municipal Development District No. 1 in the City, and adopted a Tax Increment Financing Plan therefor.

1.02. KTJ 435, LLC, a Minnesota limited liability company, or an affiliate thereof or an entity related thereto (the “Developer”), plans to purchase certain real property in the TIF District (the “Property”), which is owned by the Authority.

1.03. The Developer proposes to acquire the Property from the Authority and construct, improve and equip thereon an approximately 132-unit market rate rental housing community (the “Project”).

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

1.05. The City proposes to reimburse the Developer for certain qualified costs for the Project through the issuance of the City’s pay as you go Taxable Tax Increment Revenue Note (Oppidan Workforce Housing Project) (the “TIF Note”) and Taxable Abatement Revenue Note (Oppidan Workforce Housing Project) (the “Abatement Note”), subject to the terms and conditions set forth in that certain Development Assistance Agreement, by and between the City, the Authority, and the Developer (the “Agreement”). Pursuant to the Agreement, the Authority will also provide a land write down to the Developer.

1.06. In addition, the City received a \$600,000 grant in accordance with the State of Minnesota Grant Contract Agreement, dated April 24, 2024, between the City and the State of Minnesota acting through its Commissioner of the IRRR, a \$200,000 grant in accordance with the State of Minnesota Grant Contract Agreement, dated October 16, 2023, between the City and the State of Minnesota acting through its Commissioner of the IRRR, and a \$7,694,000 deferred loan in accordance with the Minnesota Housing Finance Agency Deferred Loan Agreement, dated December 18, 2024, between the City and Minnesota Housing (together, the “Grants”). Pursuant to the Agreement, the City will provide the Grants to the Developer in accordance with the terms set forth therein.

1.07. Pursuant to a certain Construction Loan Agreement (the “Loan Agreement”) by and between the Developer and Old National Bank, a national banking association (the “Lender”), the Lender will a loan to the Developer in the approximate amount of \$17,520,000.00 (the “Loan”) for the Project, which will be secured by a Mortgage and Security Agreement from the Developer in favor of the Lender and encumbering the Project (together with all renewals, amendments, modifications, increases and extensions thereof, the “Mortgage”).

1.08. As a condition to the making of the Loan, the Lender has required that (a) the Developer assign its rights under the Agreement, the TIF Note, the deferred loan, and the Abatement Note to the Lender, and (b) certain rights of the City and the Authority under the Agreement be subordinated to the Mortgage.

1.09. In connection with the Loan, the Developer has requested that the Authority and the City approve a Collateral Assignment and Subordination of Development Assistance Agreement, TIF Note and Tax Abatement Note (the "Assignment and Subordination") with the Developer and the Lender.

1.10. As a condition of agreeing to the Assignment and Subordination, the City has requested that the Developer deliver a Guaranty of Oppidan Incorporated and Oppidan Investment Company to secure certain repayment obligations of the Developer under the Agreement. The Agreement has been revised to add such additional security and to update certain dates as set forth therein (the "Revised Agreement").

1.11. The Authority believes that the Project, the Assignment and Subordination, and the Revised Agreement are in the best interests of the City and the Authority and will help alleviate a housing shortage in the City.

## Section 2. Assignment Approved.

2.01. The Board of Commissioners hereby approves the Assignment and Subordination and the Revised Agreement in substantially the form presented to the Board of Commissioners, together with any related documents necessary in connection therewith, including but not limited to any agreements referred to therein, (collectively, the "Assignment Documents") and hereby authorizes the President and Executive Director to execute any such Assignment Documents to which the Authority is a party, on behalf of the Authority, and to carry out, on behalf of the Authority, the obligations of the Authority thereunder when all conditions precedent thereto have been satisfied.

2.02. The approval hereby given to the Assignment 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 or the Authority and by the officers authorized herein or by the Authority to execute said documents prior to their execution; and said officers are hereby authorized to approve said changes on behalf of the Authority. The execution of any instrument by the appropriate officers of the Authority shall be conclusive evidence of the approval of such document in accordance with the terms hereof. 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 Board of Commissioners by any duly designated acting official, or by such other officer or officers of the Board of Commissioners as, in the opinion of the City Attorney may act in their behalf.

2.03. Upon execution and delivery of the Assignment Documents, the officers and employees of the Authority are hereby authorized and directed to take or cause to be taken such actions as may be necessary on behalf of the Authority to implement the Assignment Documents, when all conditions precedent thereto have been satisfied.

2.04. The Board of Commissioners hereby determines that the execution and performance of the Assignment Documents will help realize the public purposes of the Act.

## Section 3. Effective Date. This resolution shall be effective upon approval.

Adopted on July \_\_, 2025 by the Board of Commissioners of the Grand Rapids Economic Development Authority.

---

President

ATTEST:

---

Secretary