

Extract of Minutes of Meeting
of the City Council of the
City of Grand Rapids, Itasca County, Minnesota

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Grand Rapids, Minnesota, was duly held at City Hall of the City on Monday, June 8, 2026, commencing at 5:00 p.m.

The following members were present:

and the following were absent:

The Mayor announced that the next order of business was consideration of the sale of the City's Taxable General Obligation Tax Abatement Bond, Series 2026A, to be issued in the original aggregate principal amount of \$420,000.

Member _____ then introduced the following resolution and moved its adoption:

RESOLUTION NO. _____

AUTHORIZING THE ISSUANCE OF A TAXABLE GENERAL OBLIGATION TAX ABATEMENT BOND, SERIES 2026A, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$420,000, IN FAVOR OF THE DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT; PROVIDING FOR ITS ISSUANCE; AND AUTHORIZING THE EXECUTION OF RELATED DOCUMENTS

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

Section 1. Recitals.

(a) The Grand Rapids Economic Development Authority (the “Authority”) has applied for a loan from the Department of Employment and Economic Development, a department of the State of Minnesota (“DEED”), to finance costs of the demolition of an existing structure on property located at 900 NW Fourth Street (MN Hwy 2) in the City and owned by the Authority (the “Project”).

(b) Pursuant to Minnesota Statutes, Sections 116J.5761 through 116J.5765, as amended (the “DEED Act”), DEED is authorized to provide loans for demolition costs.

(c) DEED has committed to make a loan to the Authority in the principal amount of \$420,000 (the “Loan”) from DEED’s Demolition Loan Program (the “Program”), to be disbursed and repaid in accordance with the terms of a Loan Agreement for Loan No. RDLP-26-0001-o-FY26 Hwy. 2 West Redevelopment Project, effective as of March 13, 2026 or the date of execution (the “Loan Agreement”), between the Authority and DEED, in substantially the form now on file with the City Administrator, subject to final review and execution by the Authority. The Loan Agreement, as executed, is incorporated herein by reference and was approved by the Board of Commissioners of the Authority on May 14, 2026.

(d) In order to provide security for the repayment of the Loan, the Authority will issue a revenue bond to DEED (the “Authority Bond”) in accordance with a resolution to be adopted by the Board of Commissioners of the Authority on June 11, 2026 (the “Authority Resolution”).

(e) To meet the requirements of DEED, the City has proposed to issue a general obligation bond payable from tax abatement revenues, which revenues will be used to make payments under the Authority Bond.

(f) Under Minnesota Statutes, Chapter 475, as amended, and Sections 469.1812 through 469.1815, as amended (collectively, the “Act”), the City is authorized to grant a property tax abatement on specified parcels in order to accomplish certain public purposes, including the redevelopment or renewal blighted areas, help preserve and increase the tax base, provide access to services for residents of the political subdivision, and help provide employment opportunities, including construction jobs.

(g) Pursuant to a resolution adopted by the City Council on May 26, 2026 (the “Abatement Resolution”), following a duly noticed public hearing, the City Council approved a

property tax abatement (the “Abatements”) in the maximum amount of \$420,000 for certain property in the City (the “Abatement Parcels”) over a period of 8 years, in an amount sufficient to pay the principal amount of bonds issued to help finance the Project.

(h) In the Abatement Resolution, the City found and determined that the Project benefits the Abatement Parcels and that the maximum principal amount of bonds to be secured by Abatements does not exceed the estimated sum of Abatements from the Abatement Parcels for the term authorized under the Abatement Resolution.

(i) The City Council finds it necessary and expedient to the sound financial management of the affairs of the City to issue its Taxable General Obligation Tax Abatement Bond, Series 2026A (the “Bond”), in the original aggregate principal amount of \$420,000, pursuant to the Act, to help provide financing for the Project by securing the payment of the Loan. The Bond will be issued in favor of DEED for the benefit of the Authority.

(j) In accordance with Section 475.60, subdivision 2(4) of the Act, the City is authorized to issue obligations to a board, department or agency of the State by negotiation and without advertisement for bids and DEED is, and has represented that it is, a board, department or agency of the State.

Section 2. Acceptance of Offer; Payment.

(a) Contingent upon the execution and delivery of the Loan Agreement by the Authority, the City hereby agrees to issue the Bond in the original aggregate principal amount of \$420,000 at the rate of interest hereinafter set forth and to make payments on the Bond as set forth below. The sale of the Bond is awarded to DEED as security for the payment of the Authority Bond. Payment for the Bond will be from DEED in the form of disbursements to the Authority for the Project in accordance with the Loan Agreement. The terms set forth in this resolution relating to the Bond are intended to be consistent with the provisions of the Loan Agreement, and to the extent that any provision in the Loan Agreement is in conflict with this resolution, the Loan Agreement shall control.

(b) The Bond is to be issued in the aggregate principal amount of \$420,000, originally and nominally dated as of the date of delivery as a fully registered Bond. The Bond will be in the denomination of the entire principal amount thereof, numbered R-1, and will bear interest at 2.00% per annum and be payable in the amounts specified in the form of the Bond attached hereto as EXHIBIT A subject to such changes as required by DEED and approved by the City.

(c) The Bond is subject to redemption and prior payment as provided in the Loan Agreement.

(d) Interest and principal in the installment amounts set out in the Bond are payable by wire transfer, or if by check or draft of the City to the Authority who will make payments directly to DEED in accordance with the Authority Bond.

Section 3. Date; Denomination; Interest Rate. The Bond will be a fully registered negotiable obligation, dated as of the date of delivery and issued forthwith. The Bond shall be issued in substantially the form attached hereto as EXHIBIT A subject to such changes as required by DEED and approved by the City.

Section 4. Registration of Bond. At the time of issuance and delivery of the Bond, the Finance Director shall register the Bond in the name of the payee in a note register which the Finance Director and the officer’s successors in office shall maintain for the purpose of registering the ownership of the Bond. The Bond

shall be prepared for execution with appropriate text and spaces for notation of registration. The force and effect of such registration shall be as stated in the form of Bond hereinafter set forth. Payment of principal installments and interest, whether upon redemption or otherwise, made with respect to the Bond, may be made to the registered holder thereof or to the registered holder's legal representative, without presentation or surrender of the Bond.

Section 5. Execution. The Bond is to be executed on behalf of the City by the manual or facsimile signatures of its Mayor and City Administrator, and is to be authenticated by the manual signature of the Finance Director, acting as authenticating agent of the City. In the event of disability or resignation or other absence of any of such officers, the Bond may be signed by any officer who is authorized to act on behalf of such absent or disabled officer. If an officer whose signature will appear on the Bond ceases to be such officer before the delivery of the Bond, such officer's signature will nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

Section 6. Delivery; Application of Proceeds. The Bond when so prepared and executed will be delivered by the Executive Director of the Authority to DEED prior to disbursement pursuant to the Loan Agreement and DEED is not obliged to see to the proper application thereof.

Section 7. Payment; Security; Pledges and Covenants.

(a) Debt Service Fund. The Bond will be payable from the Taxable General Obligation Tax Abatement Bond, Series 2026A Debt Service Fund (the "Debt Service Fund") hereby created. The Debt Service Fund shall be administered and maintained by the Finance Director as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Abatements from the Abatement Parcels and proceeds of ad valorem taxes hereinafter levied (the "Taxes") are hereby pledged to the Debt Service Fund and will be transferred to the Authority to be used to repay the Authority Bond in accordance with the Loan Agreement. Such amounts will be transferred to the Authority as described in subsection (f) below. There is also appropriated to the Debt Service Fund any other money which is properly available and appropriated by the City Council or the Board of Commissioners to the Debt Service Fund.

(b) Construction Fund. Proceeds of the Loan from DEED together with any other funds appropriated for the Project, will be deposited in the Construction Fund created and held by the Authority to finance costs of the Project in accordance with the Authority Resolution.

(c) General Obligation Pledge. For the prompt and full payment of the principal of and interest on the Bond, as the same respectively become due, the full faith, credit and taxing powers of the City will be and are hereby irrevocably pledged. If the balance in the Debt Service Fund is ever insufficient to pay all principal and interest then due on the Bond and any other bonds payable therefrom, the deficiency will be promptly paid out of monies in the general fund of the City which are available for such purpose, and such general fund may be reimbursed with or without interest from the Debt Service Fund when a sufficient balance is available therein. The general obligation pledge with respect to the Bond is pledged as security to DEED for the Authority Bond.

(d) Pledge of Tax Levy. For the purpose of paying all or a portion of the interest on the Bond and the five percent (5%) in excess of the amount needed to meet when due the principal of and interest on the Bond, there is levied a direct annual irrevocable ad valorem tax upon all of the taxable property in the City, which will be spread upon the tax rolls and collected with and as part of other general taxes of the City. The Taxes will be credited to the Debt Service Fund above provided and will be in the years and amounts as attached hereto as EXHIBIT B.

(e) Certification to County Auditor/Treasurer as to Debt Service Fund Amount. It is hereby determined that the estimated collections of Abatements and Taxes will produce at least five percent (5%) in excess of the amount needed to meet when due the principal and interest payments on the Bond. The tax levy herein provided is irrevocable until the Bond is paid, provided that at the time the City makes its annual tax levies the Finance Director may certify to the County Auditor/Treasurer of Itasca County, Minnesota (the “County Auditor/Treasurer”) the amount available in the Debt Service Fund to pay principal and interest due during the ensuing year, and the County Auditor/Treasurer will thereupon reduce the levy collectible during such year by the amount so certified.

(f) Pledge of Abatements to Authority Bond. The Abatements and Taxes collected by the City in the Debt Service Fund will be transferred to the Authority to be used to repay the Authority Bond.

Section 8. Certificate of Registration. The City Clerk is authorized and directed to file a certified copy of this resolution with the County Auditor/Treasurer, together with such other information as the County Auditor/Treasurer may require, and to obtain the certificate of the County Auditor/Treasurer that the Bond has been entered in the Bond Register of the County Auditor/Treasurer.

Section 9. Loan Agreement. The City Council has reviewed the Loan Agreement and approves the execution and delivery of the Loan Agreement by the officials of the Authority, subject to final review by the City, the Authority, their attorneys and consultants, and the executed form is incorporated by reference and made a part of this resolution. The provisions of this resolution relating to the Bond are intended to be consistent with the provisions of the Loan Agreement, and to the extent that any provision in the Loan Agreement is in conflict with this resolution as it relates to the Bond, that provision controls. The execution of the Loan Agreement by the appropriate officers is conclusive evidence of the approval of the Loan Agreement in accordance with the terms hereof. The Loan Agreement may be attached to the Bond.

Section 10. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to DEED, and to the attorneys approving the legality of the issuance of the Bond, certified copies of all proceedings and records of the City relating to the Bond and to the financial condition and affairs of the City, and such other affidavits, certificates and information as are required to show the facts relating to the legality and marketability of the Bond as the same appear from the books and records under their custody and control, or as otherwise known to them, and all such certified copies, certificates and affidavits including any heretofore furnished, are to be deemed representations of the City as to the facts recited therein.

Section 11. Electronic Signatures. The electronic signature of the Mayor, the City Administrator, the Finance Director, and/or the City Clerk to this resolution and to any certificate authorized to be executed hereunder shall be as valid as an original signature of such party and shall be effective to bind the City thereto. For purposes hereof, (i) “electronic signature” means (a) a manually signed original signature that is then transmitted by electronic means or (b) a signature obtained through DocuSign or Adobe or a similarly digitally auditable signature gathering process; and (ii) “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a portable document format (“pdf”) or other replicating image attached to an electronic mail or internet message.

Section 12. Severability. If any section, paragraph or provision of this resolution is held to be invalid or unenforceable for any reason, the validity or unenforceability of such section, paragraph or provision will not affect any of the remaining provisions of this resolution.

Section 13. Headings. Headings in this resolution are included for convenience of reference only and are not a part hereof, and do not limit or define the meaning of any provision hereof.

The motion for the adoption of the foregoing resolution was duly seconded by Member _____,
and upon the vote being taken thereof, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

Approved by the City Council of the City of Grand Rapids, Minnesota this June 8, 2026.

Tasha Connelly
Mayor

Attest:

Kimberly Gibeau
City Clerk

DEED to the Authority to help finance the costs of demolition of an existing structure on property located at 900 NW Fourth Street (MN Hwy 2) in the City and owned by the Authority. The principal hereof and interest hereon are payable in part from abatements collected from certain property in the City and in part from ad valorem taxes, as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred. The full faith and credit of the City are irrevocably pledged for payment of this Bond and the Authority's obligations under the Authority Bond and the Loan Agreement and the City Council has obligated itself to levy additional ad valorem taxes on all taxable property in the City in the event of any deficiency in abatements and taxes pledged, which additional taxes may be levied without limitation as to rate or amount.

Registration: Transfer. This Bond must be registered in the name of the payee on the books of the City by presenting this Bond for registration to the Finance Director, who will endorse the Finance Director's name and note the date of registration opposite the name of the payee in the certificate of registration attached hereto. Thereafter this Bond may be transferred to a bona fide purchaser only by delivery with an assignment duly executed by the registered owner or owner's legal representative, and the City may treat the registered owner as the person exclusively entitled to exercise all the rights and powers of an owner until this Bond is presented with such assignment for registration of transfer, accompanied by assurance of the nature provided by law that the assignment is genuine and effective, and until such transfer is registered on said books and noted hereon by the Finance Director.

Fees Upon Transfer or Loss. The Finance Director may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer of this Bond and any legal or unusual costs regarding transfers and lost notes.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed preliminary to and in the issuance of this Bond in order to make it a valid and binding general obligation of the City in accordance with its terms, have been done, do exist, have happened and have been performed as so required, and that the issuance of this Bond does not cause the indebtedness of the City to exceed any constitutional or statutory limitation of indebtedness.

This Bond is not valid or obligatory for any purpose or entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon has been executed by the Registrar by manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the City of Grand Rapids, Itasca County, Minnesota, has caused this Bond to be executed with the manual or facsimile signatures of its Mayor and City Administrator, both as of the nominal date of original issue specified above.

Dated: July ____, 2026

CITY OF GRAND RAPIDS, MINNESOTA

(Facsimile)
Mayor

(Facsimile)
City Administrator

**CERTIFICATE OF AUTHENTICATION
AND REGISTRATION**

This is the Bond described above and has been registered as to the principal and interest in the name of the Registered Owner identified below on the registration books of the Finance Director of the City. The transfer of ownership of the principal amount of this Bond may be made only by the Registered Owner or by the Registered Owner's legal representative last noted below.

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of Finance Director</u>
<hr/>	Minnesota Department of Employment and Economic Development Federal Employer I.D. No. <hr/>	<hr/>
	<hr/>	

EXHIBIT A

AMORTIZATION SCHEDULE

Grand Rapids EDA	scheduled closing date:	07/02/26	Amount:	420,000.00
RDLP-26-0001-O-FY26	interest accrual date:	07/03/28	Rate:	2.00%
Hwy. 2 West Redevelopment Project	maturity date:	07/02/36	adj maturity dt:	08/15/36

Date	Effective	Disbursement	Repayment	Interest	Principal	Loan Balance
estimated	07/02/26	420,000.00				420,000.00
accrual date	07/03/28					420,000.00
	07/03/28					420,000.00
	02/15/29		5,180.00	5,180.00		420,000.00
	08/15/29		56,700.00	4,200.00	52,500.00	367,500.00
	02/15/30		3,675.00	3,675.00		367,500.00
	08/15/30		56,175.00	3,675.00	52,500.00	315,000.00
	02/15/31		3,150.00	3,150.00		315,000.00
	08/15/31		55,650.00	3,150.00	52,500.00	262,500.00
	02/15/32		2,625.00	2,625.00		262,500.00
	08/15/32		55,125.00	2,625.00	52,500.00	210,000.00
	02/15/33		2,100.00	2,100.00		210,000.00
	08/15/33		54,600.00	2,100.00	52,500.00	157,500.00
	02/15/34		1,575.00	1,575.00		157,500.00
	08/15/34		54,075.00	1,575.00	52,500.00	105,000.00
	02/15/35		1,050.00	1,050.00		105,000.00
	08/15/35		53,550.00	1,050.00	52,500.00	52,500.00
	02/15/36		525.00	525.00		52,500.00
	08/15/36		53,025.00	525.00	52,500.00	-
totals		420,000.00	458,780.00	38,780.00	420,000.00	

Notes:

Interest will accrue on the outstanding loan balance on a 30/360 basis, beginning on the interest accrual date. Final payment, for the outstanding principal balance and all unpaid accrued interest is due on the maturity date.

Semi-annual repayments will be due each February 15th and August 15th, beginning February 15, 2029 and continuing until the maturity date.

The draft schedule above reflects projected timing and amounts of loan disbursements, and is subject to change as provided in the Loan Agreement.

EXHIBIT B

TAX LEVY

Tax Levy Schedule

Tax Levy Year	Tax Collect Year	Bond Pay Year	Total P+I	Net New D/S	P & I @105%	Tax Abatement Revenue	Net Levy
2027	2028	2029	5,180.00	5,180.00	5,439.00	-	5,439.00
2028	2029	2030	60,375.00	60,375.00	63,393.75	52,500.00	10,893.75
2029	2030	2031	59,325.00	59,325.00	62,291.25	52,500.00	9,791.25
2030	2031	2032	58,275.00	58,275.00	61,188.75	52,500.00	8,688.75
2031	2032	2033	57,225.00	57,225.00	60,086.25	52,500.00	7,586.25
2032	2033	2034	56,175.00	56,175.00	58,983.75	52,500.00	6,483.75
2033	2034	2035	55,125.00	55,125.00	57,881.25	52,500.00	5,381.25
2034	2035	2036	54,075.00	54,075.00	56,778.75	52,500.00	4,278.75
2035	2036	2037	53,025.00	53,025.00	55,676.25	52,500.00	3,176.25
Total	-	-	\$458,780.00	\$458,780.00	\$481,719.00	\$420,000.00	\$61,719.00

Bond Data

Dated Date

7/03/2028

The principal amount of the Bond will be payable from Abatements levied pursuant to the City's Abatement Resolution. The above tax levy represents interest on the Bond and the 5% in excess of the amount needed to pay debt service on the Bond.

STATE OF MINNESOTA)
)
COUNTY OF ITASCA)
)
CITY OF GRAND RAPIDS)

I, the undersigned, being the duly qualified and acting City Clerk of the City of Grand Rapids, Minnesota (the “City”), do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of the City Council of said City held on June 8, 2026, with the original thereof on file in my office and the same is a full, true and correct copy thereof, insofar as the same relates to the issuance and sale of the City’s Taxable General Obligation Tax Abatement Bond, Series 2026A, in the original aggregate principal amount of \$420,000.

WITNESS my hand as such City Clerk and the corporate seal of the City this ____ day of May, 2026.

(SEAL)

City Clerk
City of Grand Rapids, Minnesota