

CITY OF GRAND RAPIDS
COUNTY OF ITASCA
STATE OF MINNESOTA

RESOLUTION NO. _____

RESOLUTION APPROVING AMENDMENT TO THE
TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT
FINANCING DISTRICT NO. 1-15 HWY 35 LLC (FORMERLY KNOWN AS
TAX INCREMENT FINANCING DISTRICT NO. 14: ARBOR WOOD)

WHEREAS, after a duly noticed public hearing on November 28, 2022, the City Council (the “Council”) of the City of Grand Rapids, Minnesota (the “City”) adopted the Amendment to the Development Program (the “Development Plan”) for Municipal Development Program No. 1 (the “Project Area”) and a Tax Increment Financing (TIF) Plan (the “TIF Plan” and together with the Development Plan, the “Plans”) for Tax Increment Financing District No. 1-14: Arbor Wood (a redevelopment district) (the “TIF District”) within the Project Area;

WHEREAS, following adoption of the TIF Plan, the original developer determined not to move forward with a development within the TIF District;

WHEREAS, thereafter, the City received a request from HWY35 Properties LLC, a Minnesota limited liability company, or an affiliate thereof or entity related thereto (the “Developer”), to develop approximately 240,000 square feet of industrial buildings on a 138 acre campus for the licensing, production, and extraction of cannabis (the “Development”) within the TIF District. The Development will be leased to HWY35, LLC, a Minnesota limited liability company (the “Tenant”), who will operate the Development;

WHEREAS, the Council has proposed to amend the TIF Plan for the TIF District to rename the TIF District, amend the budget, reflect the updated Development and make certain other changes to the TIF Plan all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.124 through 469.133, as amended, and 469.174 through 469.1794, as amended; and all as reflected in that certain document, dated April 22, 2024, entitled “Amended and Restated Amendment to the Development Program for Municipal Development Program No. 1 and Tax Increment Financing (TIF) Plan: Establishment of Tax Increment Financing District No. 1-15: HWY 35 LLC (a redevelopment district)” and presented for the Council’s consideration (the “Amendment”);

WHEREAS, the City Council (the “Council”) of the City of Grand Rapids, Minnesota (the “City”) has investigated the facts relating to the Amendment of the Plans;

WHEREAS, the proposed Amendment does not increase the total estimated tax increment expenditures, the amount of bonded indebtedness, capitalized interest, or make any other changes described in Minnesota Statutes, Section 469.175, subd. 4, that would require a new public hearing;

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

Section 1. Findings for the Amendment.

1.01 The Council hereby finds that the Amendment will serve to carry out the objectives of the Development Plan and is not being modified other than to incorporate the Amendment; 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 Plan therefor and the resolution adopting the TIF Plan.

1.02 The Council hereby finds the Amendment of the TIF Plan is and, in the judgment of the City, the effect will be, to carry out the objectives of the TIF Plan and to create an impetus for redevelopment and economic development activities and otherwise promote certain public purposes and accomplish certain objectives as specified in the TIF Plan and the Development Plan. The Council hereby ratifies and confirms the findings made in connection with the establishment of the TIF District, including without limitation the finding that the TIF District meets the conditions for establishing a redevelopment tax increment financing district. The specific facts that form the basis for these findings as set forth in the TIF Plan and the resolutions previously adopted with respect to the TIF District, are hereby incorporated by reference into and made a part of this resolution.

1.03 The Council hereby makes the following additional findings, the specific facts that form the basis for which are in the TIF Plan, and the resolutions previously adopted with respect to the TIF District and are hereby incorporated by reference into and made a part of this resolution as supplemented herein:

(a) The Council further finds that the types of additional development(s) proposed to be assisted from tax increments of the TIF District, in the opinion of Council, would not occur solely through private investment within the reasonably foreseeable future and, therefore, the use of tax increment financing is deemed necessary.

This finding is supported by the fact that the redevelopment proposed in the TIF Plan meets the City's objectives for redevelopment. Due to the high cost of redevelopment on the parcels currently occupied by a substandard building, and the cost of financing the proposed improvements, this project is feasible only through assistance, in part, from tax increment financing. 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.

In addition, the cost of site and public improvements and utilities add to the total redevelopment cost. Historically, redevelopment costs, site and public improvements costs on this site have made redevelopment infeasible without tax increment assistance. The City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

(b) The Council further finds that the Amendment 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 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 contemplated on the property is in accordance with the existing zoning or approved zoning variances for the property.

(c) The City Council further finds that the Amendment 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 proposed to occur within the TIF District will afford maximum opportunity for the development of the applicable parcels consistent with the needs of the City and the renovation of blighted buildings will increase the potential for future redevelopment. Through the implementation of the TIF Plan, the Development will result in increased employment in the City and the State of Minnesota, the renovation of substandard properties, increased tax base of the State, help redevelop a long vacant site in the City that has been a priority for the City to redevelop, 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 market value estimated to result from the proposed development (approximately \$26,862,336), after subtracting the present value of the projected tax increments for the maximum duration of the TIF District (approximately \$11,766,878), which is approximately \$15,095,458. In making these findings, the City Council has noted that the existing buildings on the Development property are blighted and would likely remain in its current condition or further deteriorate if tax increment financing were not available. 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.

1.04 The provisions of this Section 1 are hereby incorporated by reference into and made a part of the Amendment.

Section 2. Approval and Adoption of the Amendment of the TIF Plan.

2.01 The Amendment, as presented to the Council on this date, including without limitation the findings and statements of objectives contained therein, is hereby approved, ratified, established, and adopted. Tax Increment Financing District No. 1-14: Arbor Wood (a redevelopment district) is hereby renamed Tax Increment Financing District No. 1-15: HWY 35 Project (a redevelopment district).

2.02 The Council hereby ratifies and confirms all elections made in connection with the establishment of the TIF District, including without limitation elections regarding the amount of captured tax capacity to be retained and the applicable fiscal disparities computation.

2.03 City staff are authorized to file the Amendment with Itasca County, the Commissioner of Revenue, and the Office of the State Auditor.

PASSED on April 22, 2024, by the City Council of the City of Grand Rapids, Minnesota.

Mayor

Attest:

City Clerk

