



GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

Thursday, November 14, 2019

4:00pm

Grand Rapids City Hall

NOTICE IS HEREBY GIVEN, that a regular meeting of the Grand Rapids Economic Development Authority will be held in Conference Room 2A in the Grand Rapids City Hall, 420 North Pokegama Avenue, in Grand Rapids, Minnesota on Thursday, November 14, 2019 at 4:00pm.

AGENDA

1. Call to Order
2. Call of Roll
3. Setting of the Regular Agenda - *This is an opportunity to approve the regular agenda as presented or add/delete by a majority vote of the Commissioners present an agenda item.*
4. Consider approval of minutes from the October 24, 2019 regular meeting.
5. Consider approval of claims
6.
 - a. Conduct a Public Hearing to consider a plan for conveyance of GREDA owned Lots 2-8, Block 2 and Lots 1-8, Block 3 in the plat of Great River Acres.
 - b. Consider adopting a resolution approving a plan for conveyance of certain lots owned by the Economic Development Authority and ratifying approval of Purchase and Development Agreement.
7. Consider adopting a resolution supporting a modification to the Development Program for the City's Development District No. 1, establishing Tax Increment Financing District No. 1-12 therein and adopting a Tax Increment Financing Plan therefor.
8. Updates:
9. Adjourn

GREDA Commissioners/terms:

Dale Christy – 12/31/2020 (with council term)

Rick Blake– 12/31/2022 (with council term)

Mike Przytarski – 3/1/21

Cory Jackson – 3/1/23

Mike Korte – 3/1/22

John O'Leary – 3/1/25

Sholom Blake – 3/1/19

**GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING
THURSDAY, OCTOBER 24, 2019
4:00 P.M.
GRAND RAPIDS CITY HALL – CONFERENCE ROOM 2A
420 NORTH POKEGAMA AVE., GRAND RAPIDS, MINNESOTA**

CALL TO ORDER: Pursuant to due notice and call thereof, a Regular Meeting of the Grand Rapids Economic Development Authority (GREDA) was called to order on Thursday, October 24, 2019 at 4:00 p.m. in Conference Room 2A of City Hall, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

CALL OF ROLL: On a Call of Roll the following members were present: Commissioners: Mike Przytarski, Cory Jackson, Dale Christy, John O’Leary. Absent: Mike Korte, Rick Blake, Sholom Blake.

SETTING OF REGULAR AGENDA: Approved with addition.

- Consider a short term lease with Twisted Metals at the discounted rate.

MOTION BY COMMISSIONER O’LEARY, SECOND BY COMMISSIONER JACKSON TO APPROVE THE AGENDA WITH ADDITION. The following voted in favor thereof: Przytarski, O’Leary, Christy, Jackson. Opposed: None, passed unanimously.

APPROVAL OF MINUTES:

MOTION BY COMMISSIONER PRZYTARSKI, SECOND BY COMMISSIONER JACKSON TO APPROVE THE MINUTES OF THE OCTOBER 10, 2019 REGULAR MEETING. The following voted in favor thereof: Przytarski, Christy, Jackson, O’Leary. Opposed: None, passed unanimously.

Consider approval of a Purchase and Development Agreement with Dean J and Mary K Singsank.

Dean and Mary Singsank have submitted a purchase and development agreement for Lot 8, Block 3 of the plat of Great River Acres in the amount of \$45,000 which shall be payable with earnest money in the amount of \$4,500, receipt of which is hereby acknowledged, and the balance payable by certified check on the Date of Closing. The Date of Closing shall be no later than December 15, 2019.

MOTION BY COMMISSIONER JACKSON, SECOND BY COMMISSIONER PRZYTARSKI TO APPROVE A PURCHASE AND DEVELOPMENT AGREEMENT WITH DEAN J AND MARY K SINGSANK. The following voted in favor thereof: Jackson, Przytarski, O’Leary, Christy. Opposed: None, passed unanimously.

Review the revised draft Economic Development Chapter for the Comprehensive Plan Update.

Staff provided a copy of the draft Economic Development Chapter for the Comprehensive Plan Update for the Commissioners review.

Consider a short term lease with Twisted Metal at the discounted rate.

Twisted Metals would like to lease suite 109 on the first floor from November 1st, 2019 to Decemeber 1st, 2019 at the discounted rate of \$861.05.

MOTION BY COMMISSIONER O'LEARY, SECOND BY COMMISSIONER PRZYTARSKI TO APPROVE A SHORT TERM LEASE WITH TWISTED METALS. The following voted in favor thereof: Jackson, O'Leary, Christy, Przytarski. Opposed: None, passed unanimously.

MOTION BY COMMISSIONER JACKSON, SECOND BY COMMISSIONER O'LEARY TO ADJOURN THE MEETING AT 4:18 P.M.

Respectfully submitted:

Aurimy Groom, Recorder

DRAFT

EDA BILL LIST - NOVEMBER 14, 2019

DATE: 11/08/2019
 TIME: 13:39:37
 ID: AP443GR0.WOW

CITY OF GRAND RAPIDS
 DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 11/14/2019

VENDOR #	NAME	AMOUNT DUE

EDA - CAPITAL PROJECTS		
GREAT RIVER ACRES DEV		
0718060	GRAND RAPIDS HERALD REVIEW	63.25
1105530	KENNEDY & GRAVEN	460.00
TOTAL GREAT RIVER ACRES DEV		523.25
TOTAL UNPAID TO BE APPROVED IN THE SUM OF:		\$ 523.25
CHECKS ISSUED-PRIOR APPROVAL		
PRIOR APPROVAL		
0920051	ITASCA COUNTY H.R.A.	57,059.17
0920055	ITASCA COUNTY RECORDER	46.00
1309170	MN DEED	2,000.00
1309199	MINNESOTA ENERGY RESOURCES	45.00
1621130	P.U.C.	141.80
TOTAL PRIOR APPROVAL ALLOWED IN THE SUM OF:		\$ 59,291.97
TOTAL ALL DEPARTMENTS		59,815.22



REQUEST FOR GRAND RAPIDS EDA ACTION

Agenda Item #6a

Meeting Date: 11/14/19

Statement of Issue:

Conduct a Public Hearing to consider a plan for conveyance of GREDA owned Lots 2-8, Block 2 and Lots 1-8, Block 3 in the plat of Great River Acres

Background:

The Grand Rapids EDA has acquired from the City of Grand Rapids fifteen parcels in the new subdivision of Great River Acres, which are suitable for the development of single-family homes.

The EDA Act requires that an authority hold a public hearing on the sale of property and afterward the authority shall make findings and decision on whether the sale is advisable and in the best interest of the City and its residents.

GREDA's development attorney has advised us that GREDA may hold one public hearing to consider the planned sale of all of the 15 single-family parcels.

GREDA has previously approved a declaration of restrictive covenants in connection with construction of single-family homes on these parcels, and a form of a purchase and development agreement to be required in connection with each conveyance.

The asking price for each lot is listed in the attached handout.

The resolution to be considered following the public hearing approves the plan for conveyance of these lots and ratifies the previously approved Purchase and Development Agreement with the Dean J Singsank Irrevocable Trust for Lot 8, Block 3, Great River Acres.

Recommendation:

Conduct a Public Hearing to consider entering into a purchase and redevelopment contract between the GREDA and Pan-O-Gold Baking Company.

Public Hearing format:

- State the purpose of the public hearing.
- Verify that legal notice of the public hearing has been made.
- Staff will present the background.
- Request public input on the proposed agreement either in favor, or in opposition, and ask that any person from the public wishing to make a statement state their name and address for the record.
- After public input is received, entertain a motion to close

	<p>the public hearing portion.</p> <ul style="list-style-type: none">▪ Close the public hearing, give final consideration to the resolution and entertain a motion for adoption of the resolution.
Required Action:	If GREDA finds it advisable and in the City's best interest to approve the plan for conveyance and ratification of the purchase and development agreement, they should pass a motion adopting the attached resolution.
Attachments:	Resolution Property Handout/Pricing

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. _____

RESOLUTION APPROVING PLAN FOR CONVEYANCE OF CERTAIN LOTS OWNED BY THE ECONONOMIC DEVELOPMENT AUTHORITY AND RATIFYING APPROVAL OF PURCHASE AND DEVELOPMENT AGREEMENT

BE IT RESOLVED By the Board of Commissioners ("Board") of the Grand Rapids Economic Development Authority ("Authority") as follows:

Section 1. Recitals.

1.01. The Authority currently administer its Development District No. 1 ("Development District") pursuant to Minnesota Statutes, Sections 469.090 to 469.1081 ("EDA Act") and has determined a need to exercise the powers of a housing and redevelopment authority, as authorized pursuant to Section 469.091 of the EDA Act; and

1.02. Within the Development District, the Authority has acquired certain parcels within the plat of Great River Acres that are suitable for the construction of single-family homes, which parcels are described in Exhibit A hereto (the "Subject Parcels").

1.03. The Authority intends to convey the Subject Parcels either to contractors that will construct homes for sale to owner-occupants, or directly to owner-occupants, and to that end has prepared (i) a declaration of restrictive covenants in connection with construction of such homes (the "Declaration"), which Declaration has previously been approved by the Authority and recorded in the office of the Itasca County Recorder; and (ii) a form of purchase and development agreement which shall be required in connection with the conveyance of each of the Subject Parcels.

1.04. On this date, the Board held a duly noticed public hearing regarding the proposed sale of the Subject Parcels.

1.05. The Board has determined that sale of the Subject Parcels as described in this resolution is in the best interest of the City and its residents, and further finds and determines that conveyance of the Subject Parcels has no relationship to the City's comprehensive plan, in that no amendment or modification of the comprehensive plan is required for the conveyance. The Authority further finds and determines that conveyance of the Subject Parcels for residential purposes is consistent with the objectives of the City's comprehensive plan pertaining to development of a portion of the Great River Acres plat for single-family homes.

Section 2. Sale of Subject Parcels Approved; Further Proceedings.

2.01. Consistent with the findings herein, the Board hereby approves the plan to sell the Subject Parcels in accordance with the Declaration and pursuant to the terms and conditions of the model purchase and development agreement.

2.02. Authority staff and consultants are authorized and directed to negotiate sales of the

Subject Parcels with qualified contractors or owner-occupants, subject to the condition that before the Authority is obligated to sell any Subject Parcel, the Board shall approve a purchase and development agreement with the buyer of that parcel.

2.03. The Authority hereby ratifies its approval of the Purchase and Development Agreement for the conveyance of the Subject Parcel described as Lot 8, Block 3, Great River Acres, Itasca County, Minnesota (the "Purchase Agreement") between the Authority and Dean J Singsank and Mary K Singsank, as Trustees of the Dean J Singsank Revocable Trust Agreement Dated August 17, 2011 ("Buyer"), in substantially the form presented to the Authority, subject to modifications that do not alter the substance of the transaction and that are approved by the President and Executive Director, provided that execution of the Purchase Agreement by those officials shall be conclusive evidence of their approval.

2.04. Authority staff and officials are authorized to take all actions necessary to perform the Authority's obligations under the Purchase Agreement as a whole, including without limitation execution of any documents to which the Authority is a party referenced in or attached to the Purchase Agreement, including without limitation any deed and any other documents necessary to convey such Subject Parcel to the Buyer, all as described in the Purchase Agreement.

Approved by the Board of Commissioners of the Grand Rapids Economic Development Authority this 14th day of November, 2019.

President

ATTEST:

Secretary

EXHIBIT A

Subject Parcels

Lots 2, 3, 4, 5, 6, 7, and 8, Block 2 and Lots 1, 2, 3, 4, 5, 6, 7 and 8, Block 3, all in the plat of Great River Acres, Itasca County, Minnesota

Welcome to

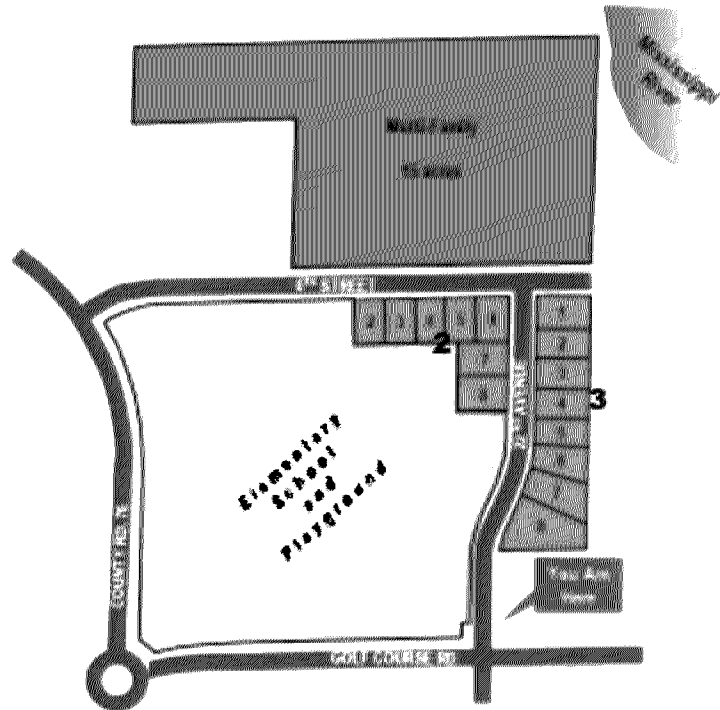
Great River Acres

RESIDENTIAL LOTS FOR SALE

- Convenient Location
- Many Amenities Nearby
- City Utility Services
- Access to Trails/Parks

For Information:

www.grandrapidseda.com
or call (218) 326-7622



Grand Rapids
Executive Director, Paul Bunyan

Additional Features:

- Lots are Graded
- Natural Gas (Minnesota Energy Resources)
- Fiber Optic Communications (Paul Bunyan)
- Concrete Driveway Approach
- Boulevard Trees

Pricing:

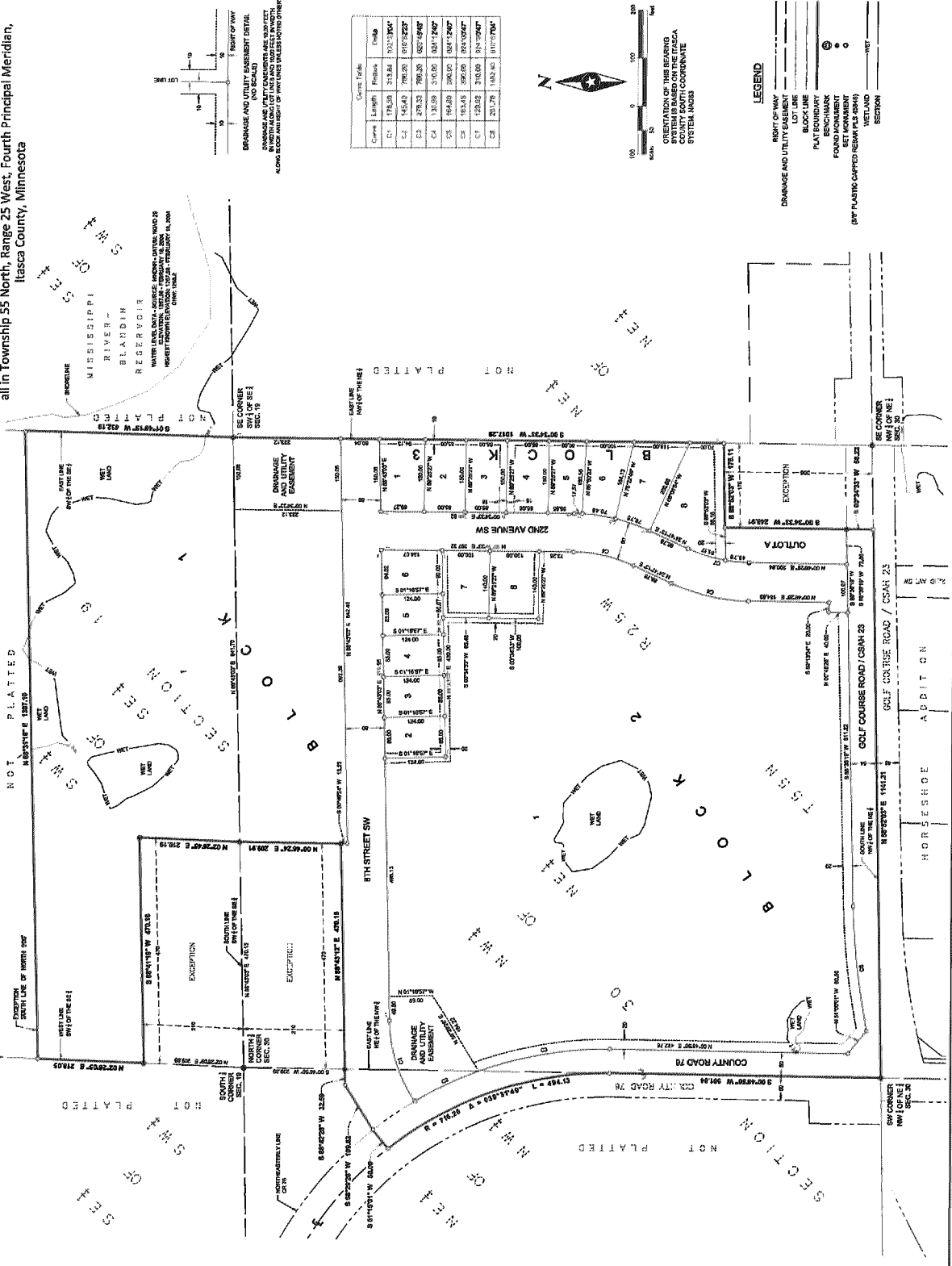
Lot	Block	Price
2	2	\$19,500
3	2	\$19,500
4	2	\$19,500
5	2	\$19,500
6	2	\$21,000
7	2	\$25,000
8	2	\$25,500
1	3	\$25,000
2	3	\$23,500
3	3	\$23,500
4	3	\$23,500
5	3	\$21,000
6	3	\$24,000
7	3	\$30,000
8	3	\$45,000

Contact:

Rob Mattei
Director of Community Development
City of Grand Rapids
420 North Pokegama Avenue
Grand Rapids, MN 55744-2662
Office: 218-326-7622
Mobile: 218-244-2924
Fax: 218-326-7621

GREAT RIVER ACRES

Part of the Southwest Quarter of the Southeast Quarter of Section 19, AND
 Part of the Northwest Quarter of the Northeast Quarter of Section 30, AND
 Part of the Northeast Quarter of the Northwest Quarter of Section 30,
 all in Township 55 North, Range 25 West, Fourth Principal Meridian,
 Itasca County, Minnesota



Curve	Length	Position	Field
C1	176.50	513.84	110°13'30"
C2	146.41	786.95	010°29'20"
C3	278.33	786.95	027°49'40"
C4	176.50	513.84	021°19'40"
C5	146.41	786.95	041°59'20"
C6	146.41	786.95	041°59'20"
C7	176.50	513.84	107°39'40"
C8	207.78	100.00	110°13'30"



ORIENTATION OF THIS BEARING SYSTEM IS BASED ON THE NAD83 COORDINATE SYSTEM, NAD83

- LEGEND**
- NET LAND
 - DRAINAGE AND UTILITY EASEMENT
 - LOT LINE
 - BLACK LINE
 - PLAT BOUNDARY
 - SECTION CORNER
 - FOUNDATION
 - SET MONUMENT
 - WETLAND
 - SECTION





REQUEST FOR GRAND RAPIDS EDA ACTION

Agenda Item #7	Meeting Date: 11/14/19
Statement of Issue:	Consider adopting a resolution supporting a modification to the Development Program for the City's Development District No. 1, establishing Tax Increment Financing District No. 1-12 therein and adopting a Tax Increment Financing Plan therefor.
Background:	<p>In February of this year, Oppidan Inc., a commercial developer from Excelsior, MN, submitted an application to the City seeking Tax Increment Financing (TIF) Business Assistance for their proposed development of a 118-unit senior housing facility.</p> <p>Since receiving the application, the City's fiscal consultant Ehlers and the Community Development Director have been analyzing the budget and proforma, as well as subsequent modifications to each. This review was focused on determining if the use of TIF is aligned with the City/GREDA Business Subsidy Policy and the requirements of the TIF Act as well as to determine what level/amount of assistance is needed to make the project feasible.</p> <p>GREDA serves an advisory role in this process. The proposed resolution to be considered supports the creation of the proposed TIF District 1-12.</p>
Recommendation:	Staff will present the attached PowerPoint to provide an overview. Please review the attachments to this item prior to the meeting.
Required Action:	If GREDA finds it advisable and in the City's best interest, pass a motion adopting a resolution supporting a modification to the Development Program for the City's Development District No. 1, establishing Tax Increment Financing District No. 1-12 therein and adopting a Tax Increment Financing Plan therefor.
Attachments:	<ul style="list-style-type: none"> Resolution TIF Memo from Ehlers dated November 5 2019 Multi-year Operating Pro Forma Project Sources and Uses TIF Business Assistance Application Draft TIF Plan PowerPoint presentation

**GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY
CITY OF GRAND RAPIDS
ITASCA COUNTY
STATE OF MINNESOTA**

RESOLUTION NO. _____

RESOLUTION SUPPORTING A MODIFICATION TO THE DEVELOPMENT PROGRAM FOR THE CITY'S DEVELOPMENT DISTRICT NO. 1, ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 1-12 THEREIN AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR.

WHEREAS, the City of Grand Rapids (the "City") has proposed to adopt a Modification to the Development Program for the City's Development District No. 1 (the "Development Program Modification") and a Tax Increment Financing Plan (the "TIF Plan") for Tax Increment Financing District No. 1-12 (the "TIF District") located within Development District No. 1 (the Development Program Modification and the TIF Plan are referred to collectively herein as the "Program and Plan"); and

WHEREAS, in accordance with the Program and the Plan, Oppidan, Incorporated or an affiliate thereof (the "Developer"), has requested tax increment financing assistance in connection with the proposed acquisition and construction of a four-story building consisting of 118-units of senior, multifamily rental housing, one guest unit, and underground structured parking (the "Project") on certain property located within the City (the "Property"); and

WHEREAS, the Board of Commissioners (the "Board") of the Grand Rapids Economic Development Authority (the "EDA") has reviewed the Developer's proposal for the Project and information regarding the proposed tax increment financing assistance; and

WHEREAS, the EDA supports the Program and the Plan and the use of a portion of the tax increment generated from the TIF District to assist the Developer with financing a portion of the extraordinary development costs of the Project.

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

The EDA supports the creation of the TIF District, the Program and the Plan and supports the provision of tax increment financing assistance to the Developer provided, however, that final authorization of tax increment financing assistance for the Project is solely within the discretion of the City Council of the City following all proceedings required pursuant to Minnesota Statutes, Section 469.174 through 469.1794, as amended.

Approved by the Board on November 14, 2019.

Sholom Blake, President

ATTEST:

Secretary

Memo

To: Rob Mattei, Director of Community Development
From: Rebecca Kurtz and Jessica Cook, Ehlers
Date: November 5, 2019
Subject: The Pillars Senior Housing Development – Updated Analysis of TIF Request

In February of 2019, the City of Grand Rapids (the “City”) received an application for business assistance from Oppidan, Inc. (the “Developer”) requesting Tax Increment Financing (TIF) in the amount of \$4,000,000. The Developer’s application detailed a proposal for the construction of a 119-unit senior apartment consisting of independent living, assisted living, and memory care units and one guest unit (the “Project”) located on the parcel adjacent to the hospital. The commencement of the Project is proposed to begin in the spring of 2020 with an anticipated project cost of approximately \$26,600,000.

This memo has been prepared by Ehlers, at the request of the City, to summarize the thorough review of the Project we completed in evaluating the request for assistance. It is an update to the memo dated May 1, 2019, to reflect changes to the Project and costs. In the Analysis, we evaluated the Developer’s revised budget and pro forma based on industry standards for rates of return; as well as to ensure that all development costs, revenues, and expenditures have been appropriately accounted for and considered.

Ehlers updated the TIF estimate to determine the potential amount of increment that could be generated from the Project. Based upon a 26-year housing TIF district, the Project would generate a total present value of approximately \$4,300,000. Please note that this figure was derived based on the updated financing rate of 4.75%.

The tables below provide a synopsis of the sources and uses associated with the Project.

SOURCES			
	Amount	Pct.	Per Unit
First Mortgage	17,327,430	65%	145,609
Equity	9,311,278	35%	78,246
TOTAL SOURCES	26,638,708	100%	223,855

USES			
	Amount	Pct.	Per Unit
Acquisition Costs	475,000	2%	3,992
Construction Costs	18,330,694	69%	154,039
Professional Services	2,329,339	9%	19,574
Financing Costs	3,407,746	13%	28,637
Developer Fee	750,000	3%	6,303
Cash Accounts/Escrows/Reserves	1,345,929	5%	11,310
TOTAL USES	26,638,708	100%	223,855

The sources and uses are based on the information in the TIF application and subsequent submissions from the Developer.

Developer Assumptions

1. **Total Development Costs (the "TDC")** – The TDC is approximately \$26.6 million or \$223,855 per unit. Multi-family projects with underground parking generally range between \$215,000 and \$265,000 per unit so this Project is within the market range.
2. **Developer Fee** – The proposed developer fee is approximately 2.8% of the TDC, which is below the typical industry range of 3-5% for senior housing projects.
3. **Rents** – The proposed rents range from \$1,640 for an independent living studio apartment to \$3,390 for a one-bedroom memory care unit. These rents are higher than the current rents in existing senior living facilities in Grand Rapids, according to the market study obtained by the Developer.
4. **Management Fee** – The proposed management fee is 5.7% of the effective gross income of the Project. This is higher than the typical 3% to 5% for general occupancy multifamily housing, but because of the service component of the project, this is an acceptable percentage.
5. **Reserves** – The annual deposit to replacement reserves is set at \$504 per unit per year, which is reasonable.
6. **First Mortgage** – The analysis assumes the Developer first will finance 65% of the project's cost based on reasonable loan-to-value underwriting limits. While the developer prefers to obtain a 25-year mortgage, we have underwritten the amount of TIF assistance assuming a more conventional 30-year loan. The lender has not been selected and so the first mortgage assumption of a 30-year loan at an interest rate of 4.75% is preliminary.
7. **City Infrastructure Costs** – In addition to the TDC, the project will require the completion of the following public improvements totaling \$365,833: \$112,633 for utility and road improvements installed by the City and assessed to the Property; \$192,040 for road and utility improvements to be installed by the Developer; and \$61,160 for the costs of oversizing the stormwater retention pond to serve the public right-of-way. This increases the financing gap for the project.
8. **Developer Return on Investment** – The Developer has stated it needs a 10% cash-on-cash return from the project. This is a reasonable expectation, consistent with industry standards.
9. **Interest Carry Costs** – The project anticipates paying interest-only on the construction loan and first mortgage until the project is stabilized. The original estimate for this interest expense was \$3,599,534. Our underwriting indicates this estimate is high and we have reduced the interest carry cost to \$3,026,500 for purposes of evaluating the amount of TIF assistance the project merits. This adjustment is reflected in the TDC in the chart on the first page of this memo.

We conclude that TIF assistance in the present value amount of \$1,386,000 is required to achieve a reasonable return on investment for this project. In addition, TIF assistance will be required to

pay for the estimated \$365,833 of City infrastructure. The total amount of TIF assistance has a present value of \$1,751,833, which is anticipated to be paid, with interest at an estimated rate of 4.75%, over eight years. After the final payment of the Note, anticipated to occur in February 2030, the City and EDA may decertify the TIF District so the full value of the project can be recognized on the City's tax roll; or the District may be kept open allowing increment to be used on other affordable housing projects.

Throughout the term of the TIF District, the City and EDA will retain upto 10 percent of the tax increment for administration of the District. During the first four years of increment, the Developer will receive the remaining 90 percent of tax increment. The amount of increment paid to the Developer will be reduced to 80 percent in years five and six, and reduced to 67 percent in years seven and eight at which time the TIF Note is anticipated to be paid in full.

The Developer has maximized the potential private mortgage and rental income. However, a demonstrated financial gap remains. The proposed development will not reasonably be expected to occur solely through private investment within the reasonably near future. Due to the costs associated with developing the property and the market rents in the Grand Rapids area, this project is feasible only through public assistance in an estimated amount of \$1,751,833.

The justifiable amount of public assistance has increased from prior estimates for the following reasons:

1. The developer re-assessed the market and reduced rents by about \$60 per unit.
2. We initially underwrote the project with the first mortgage financing 80% of the TDC. We have subsequently reduced the mortgage to 65% of the TDC in response to concerns that the appraisal will not support a higher mortgage amount.
3. The City infrastructure costs increased to include the storm water pond.

It is proposed that the TIF Development Agreement contain a "look-back" provision that would re-evaluate the final amount of the TIF assistance once the project is constructed. The final TIF amount would not exceed \$1,751,833 but may be reduced based on actual development costs, first mortgage amount and terms, and initial rents. This will ensure that the developer does not receive more TIF assistance than is required to make the project feasible.

Should you have any questions, please do not hesitate to contact Rebecca Kurtz at 651-697-8516 or Jessica Cook at 651-697-8546.



The Pillars
 City of Grand Rapids
 119 Market Rate Apartments
 Multi-Year Operating Proforma

Delayed Lease-Up
 8/10/2019

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
RENTAL INCOME															
Rental Income	3,007,680	3,097,910	3,190,848	3,286,573	3,386,170	3,486,725	3,591,327	3,698,067	3,810,039	3,924,340	4,042,070	4,163,333	4,288,233	4,416,879	4,549,386
Less: 5.0% Stabilized Vacancy	(150,394)	(154,588)	(159,542)	(164,329)	(169,259)	(174,338)	(179,568)	(184,953)	(190,502)	(196,217)	(202,104)	(208,167)	(214,412)	(220,844)	(227,469)
Less: Additional Pre-stabilization Vacancy	(12,300,000)	(11,500,000)	(10,500,000)												
Total Rental Income	557,286	1,443,015	2,281,305	3,122,244	3,215,912	3,312,389	3,411,761	3,514,114	3,619,537	3,728,123	3,839,967	3,955,166	4,073,821	4,196,036	4,321,917
Other Residential Income															
Underground Parking	34,564	35,801	36,689	37,769	38,902	40,089	41,271	42,509	43,795	45,098	46,451	47,845	49,280	50,758	52,281
Purchased Services	1,936,166	1,994,251	2,054,079	2,115,701	2,179,172	2,244,547	2,311,883	2,381,240	2,452,677	2,526,257	2,602,045	2,680,107	2,760,510	2,843,325	2,928,625
Guest Rooms	11,804	11,952	12,311	12,680	13,060	13,452	13,856	14,271	14,700	15,141	15,595	16,063	16,545	17,041	17,552
Second Person Charges	47,319	48,739	50,201	51,707	53,258	54,856	56,502	58,197	59,943	61,741	63,593	65,501	67,468	69,490	71,575
Guest Meals	10,231	10,538	10,854	11,180	11,515	11,861	12,216	12,589	12,980	13,389	13,807	14,236	14,677	15,129	15,602
Community Fee	29,200	29,200	29,200	29,200	29,200	29,200	29,200	29,200	29,200	29,200	29,200	29,200	29,200	29,200	29,200
Less: Additional Pre-stabilization Vacancy	(13,368,000)	(12,500,000)	(11,500,000)												
Total Other Residential Income	674,081	2,130,281	2,193,313	2,238,237	2,335,108	2,393,985	2,464,928	2,538,000	2,613,284	2,690,786	2,770,634	2,852,877	2,937,587	3,024,839	3,114,708
Effective Gross Income (EGI)	1,231,367	3,573,296	4,474,618	5,360,481	5,551,020	5,706,374	5,876,689	6,052,114	6,232,821	6,418,909	6,610,601	6,807,043	7,008,643	7,215,875	7,428,625
EXPENSES															
Rental Unit Expenses															
Operating Expenses	2,764,098	2,847,018	2,932,429	3,020,402	3,111,014	3,204,344	3,300,475	3,399,489	3,501,474	3,606,518	3,714,713	3,826,155	3,940,939	4,059,188	4,180,943
Management Fee: 5.7% of EGI	279,999	203,022	234,232	305,700	314,621	324,216	333,893	343,850	354,126	364,700	375,591	386,809	398,363	410,264	422,523
Property Taxes	375,875	375,875	375,875	375,875	375,875	375,875	375,875	375,875	375,875	375,875	375,875	375,875	375,875	375,875	375,875
Reserves: \$504 PUPY	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Modified Rental Expense During Stabilization	(1,467,433)	(1,002,148)	(629,213)	(261,721)											
Total Rental Unit Expenses	2,467,031	3,002,148	3,419,325	3,761,977	3,861,710	3,964,435	4,070,242	4,179,224	4,291,474	4,407,082	4,526,179	4,648,839	4,775,178	4,905,307	5,038,340
Other Expenses	241,133	609,143	4,191,522	3,761,977	3,861,210	3,964,435	4,070,242	4,179,224	4,291,474	4,407,082	4,526,179	4,648,839	4,775,178	4,905,307	5,038,340
NET OPERATING INCOME	(1,235,664)	571,148	1,055,293	1,618,509	1,689,310	1,741,939	1,806,447	1,872,890	1,941,347	2,011,827	2,084,422	2,159,204	2,236,226	2,315,567	2,397,285
Tax Exempt Financing Revenue	0	231,255	308,716	382,705	308,716	274,185	229,831	229,831	229,831	229,831	204,187	204,187	204,187	204,187	204,187
ADJUSTED NET OPERATING INCOME	(1,235,664)	802,403	1,364,009	1,997,300	1,998,026	2,016,124	2,036,278	2,102,721	2,171,178	2,241,658	2,288,609	2,363,391	2,440,413	2,519,754	2,599,472
Cash on Cash Annual Return	0.0%	8.6%	14.6%	9.0%	9.7%	10.0%	10.7%	10.9%	11.7%	10.6%	10.7%	11.5%	12.4%	13.2%	14.1%
Cash on Cash Average Annual Return	0.0%	8.6%	11.6%	10.8%	10.5%	10.4%	10.5%	10.5%	10.7%	10.6%	10.6%	10.7%	10.8%	10.9%	11.2%
Cash on Cash Annual Return (w/o TIF assistance)	0.0%	6.1%	11.3%	5.7%	6.4%	7.1%	7.8%	8.5%	9.2%	10.0%	10.7%	11.5%	12.4%	13.2%	14.1%
Cash on Cash Average Annual Return (w/o TIF assistance)	0.0%	6.1%	8.7%	7.7%	7.4%	7.3%	7.4%	7.6%	7.8%	8.0%	8.3%	8.6%	8.9%	9.2%	9.6%
Cash on Cost Annual Return	4.6%	3.0%	5.1%	7.2%	7.5%	7.6%	7.8%	7.9%	8.1%	7.6%	7.8%	8.1%	8.4%	8.7%	9.0%
Cash on Cost Annual Return (w/o TIF assistance)	4.6%	2.1%	4.0%	6.1%	6.3%	6.8%	6.8%	7.0%	7.3%	7.6%	7.8%	8.1%	8.4%	8.7%	9.0%

EXHIBIT A
BUSINESS ASSISTANCE APPLICATION

A. APPLICANT INFORMATION

Name of Corporation/Partnership Appidan, Inc.
Address 400 Water Street, Suite 200 Excelsior, MN 55331
Primary Contact Shannon Rusk, Michelle Riedel
Address 400 Water Street, Suite 200 Excelsior, MN 55331
Phone 952-294-0353 Fax E-mail shannon@appidan.com
michelle@appidan.com

Type of business assistance requested (select one):

- Tax Abatement
[X] Tax Increment Financing

Have you been, or are you currently, involved in any bankruptcy proceedings or lawsuits related to other development projects with which you have been involved? If yes, please provide an explanation.

- [] Yes
[X] No

On a separate sheet, please provide the following:

- Brief description of the corporation/partnership's business, including history, principal product or service, etc. Attach as Part 1.
List names of officers and shareholders/partners with more than five percent (5%) interest in the corporation/partnership. Attach as Part 2.
Brief description of the proposed project. Attach as Part 3.
A but for analysis and narrative. Attach as Part 4.

Attorney Name David Scott
Address 400 Water Street, Suite 200, Excelsior, MN 55331
Phone 952-294-1255 Fax E-mail david@appidan.com

Contractor Name TBD
Address
Phone Fax E-mail

Engineer Name GEH - Sara Christenson
Address
Phone 214-322-4513 Fax E-mail schristenson@gehinc.com

Architect Name Kays Wilson
 Address 1301 American Blvd. E, Suite 100, Bloomington, MN 55425
 Phone 612-271-0917 Fax _____ E-mail Kimber.KayWilson@mn.gov

B. PROJECT INFORMATION

1. The project will be: (Check all that apply)

- Industrial: (New Construction Redevelopment/Rehab Expansion)
- Office/research facility: (New Construction Redevelopment/Rehab Expansion)
- Commercial: (New Construction Redevelopment/Rehab Expansion)
- Housing: (New Construction Redevelopment/Rehab Expansion)
- Other _____

2. The project will be: Owner Occupied Leased Space

- If leased space, please attach a list of names and addresses of future tenants and indicate the status of commitments or lease agreements. **Attach as Part 5.**

3. Project Address 1401 Golf Course Rd., Grand Rapids, MN 55744

- Include Legal Description and PID number(s). **Attach as Part 6.**

4. Site Plan Attached: Yes No

5. Current Real Estate Taxes on Project Site: \$ 0.00

6. Estimated Real Estate Taxes Upon Completion: Phase I \$ _____
 Phase II \$ _____
 Phase III \$ _____
 Total \$ _____

7. Construction Start Date: OCT, 2019

8. Construction Completion Date: April 1, 2021

If Phased Project: _____ % Completed in _____ years
 _____ % Completed in _____ years
 _____ % Completed in _____ years

C. PUBLIC PURPOSE OBJECTIVES

It is the policy of the City of Grand Rapids that the business assistance should result in a public benefit as identified in items 1-7 below. Please indicate how the proposed project will accomplish this by checking the appropriate boxes. Attach additional narrative as Part 7.

- 1. To retain local jobs and/or increase the number and div
- 2. To enhance and/or diversify the City's economic base.
- 3. To encourage additional unsubsidized private (re)development.
- 4. To remove blight and/or encourage (re)development of commercial and industrial areas.
- 5. To create housing opportunities for senior and low to moderate income families.
- 6. To provide a diversity of housing adjacent to cultural, recreational, economic, natural, education, and transportation systems.
- 7. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
- 8. To accomplish other public policies which may be adopted, in particular projects that are consistent with those community values and objectives described within the Comprehensive Plan.

D. SOURCES & USES OF FUNDS Attach additional information as Part 8

<u>SOURCES</u>	<u>AMOUNT</u>
Bank Loan	\$ <u>22,028,591</u>
Other Loans	\$ <u>5,394,567</u>
Owner Equity	\$ _____
Fed Grant/Loan	\$ _____
State Grant/Loan	\$ _____
Tax Abatement	\$ _____
Tax Increment Financing	\$ _____
Industrial Development Bonds	\$ _____
Other	\$ _____
TOTAL	\$ <u>27,423,158</u>

<u>USES</u>	<u>AMOUNT</u>
Land Acquisition	\$ <u>460,000</u>
Site Development	\$ <u>808,796</u>
Construction	\$ <u>17,471,867</u>
Machinery & Equipment	\$ _____
Architectural/Engineering Fees	\$ <u>582,125</u>
Debt Service Reserve	\$ <u>3,924,566</u>
Contingencies	\$ <u>500,000</u>
Other	\$ <u>3,686,205</u>
TOTAL	\$ <u>27,423,159</u>

Total Amount of business assistance requested from either Abatement or Tax Increment Financing:
\$ 4,000,000

E. ADDITIONAL DOCUMENTATION AND CHECKLIST

Applicants will also be required to provide the following documentation.
 All personal financial information will be kept private and confidential.

- 1. Written business plan or a description of the business, ownership/ management, date established, products and services, and future plans.
- 2. Financial statements for past two years, including profit and loss statements and balance sheets.
- 3. Two year financial projections, or if housing project, or leased space, include a 10-year operating pro-forma.
- 4. Personal financial statements of all major shareholders (principals) including the most recent 2 years of tax returns.
- 5. Letter of commitment from other sources of financing, stating terms and conditions of their participation in the project.
- 6. Administrative fee of \$5,000. In addition to defraying the cost of staff time, the fee will be used to pay costs associated with processing this request for financial assistance such as legal, engineering and financial analysis. The City reserves the right to stop the processing of the request until additional fees are paid should the original amount be insufficient to pay such costs. That portion which remains unspent, if any, will be returned only if the project is denied approval.
- 7. Attach the following documentation:
 - ✓ Part 1 – Corporation/Partnership Description
 - ✓ Part 2 – List of Shareholders/Partners
 - ✓ Part 3 – Description of Project
 - ✓ Part 4 – *But For* Analysis

- Part 5 – List of Prospective Lessees
- Part 6 – Legal Description, Property Identification Numbers, maps of the project area, and project renderings
- Part 7 – Public Purpose Narrative
- Part 8 – Sources & Uses of Funds – Additional Information

The undersigned certifies that all information provided in this application is true and correct to the best of the undersigned's knowledge. The undersigned authorizes the City of Grand Rapids to check credit references, verify financial and other information, and share this information with other political subdivisions as needed. The undersigned also agrees to provide any additional information as may be requested by the City after the filing of this application.


Applicant Name  Date 2/8/19
By Appidan, Inc.
Its David Dwyer

EXHIBIT C
BUSINESS ASSISTANCE REVIEW WORKSHEET
FOR HOUSING PROJECTS
TO BE COMPLETED BY APPLICANT AND CITY STAFF

A. The project meets which of the following objectives as set forth in Section C of the Business Assistance policy:
(Each worth 2 Points)

Points: _____

- 1. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits
- 2. To enhance and/or diversify the City's economic base.
- 3. To encourage additional unsubsidized private (re)development.
- 4. To remove blight and/or encourage (re)development of commercial and industrial areas.
- 5. To create housing opportunities for senior and low to moderate income families.
- 6. To provide a diversity of housing types adjacent to cultural, recreational, economic, natural, education and transportation systems
- 7. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
- 8. To accomplish other public policies which may be adopted, in particular projects that are consistent with those community values and objectives described within the Comprehensive Plan.

B. Ratio of Private to Public Investment in Project:

Points: _____

\$ _____ Private Investment	5:1	<u>5</u>
\$ _____ Public Investment	4:1	<u>4</u>
_____ Ratio Private : Public Financing	3:1	<u>3</u>
	2:1	<u>2</u>
	Less than 2:1	<u>1</u>

C. Project provides housing that is not restricted to persons 55 years and older:

Points: _____

3

D. Project provides that at least 30% of the total units are three-bedroom or more:

Points: _____

3

E. Project proposes rehabilitation of existing housing, housing stock, and maximizes utilization of existing infrastructure:

Points: _____

5

F. Project proposes a location near existing jobs, transportation, recreation, retail services, social services, and schools:

Points:

5

G. Project size:

The project will result in the construction
of _____ square feet

Points:

50,000+	5
30,000+	4
15,000+	3
5,000+	2
5,000 or less	1

H. Likelihood that the project will result in unsubsidized, spin-off development:

_____ High
_____ Moderate
_____ Low

Points:

High	3
Moderate	2
Low	1

I. Impact on tax rate? All things being equal, how much would the City's tax rate hypothetically increase if the project were to proceed with the requested business assistance?

- .01%-.02%
- .03%-.04%
- .05%-.06%
- .07%-.09%
- .10%-.12%

Points:

.01%-.02%	5
.03%-.04%	4
.05%-.06%	3
.07%-.09%	2
.10%-.12%	1

Sub-Total Points _____ **of a possible 50 points.**

Bonus Points

The project will be 100% *pay-as-you-go* financing

Bonus Points:

5

Total Points: _____

Overall project analysis:	High	45 - 55 points
	Moderate	30 - 44 points
	Low	15 - 29 points
	Not Eligible	0 - 14 points

EXHIBIT B
BUSINESS ASSISTANCE REVIEW WORKSHEET
FOR COMMERCIAL/INDUSTRIAL PROJECTS
TO BE COMPLETED BY APPLICANT AND CITY STAFF

A. The project meets which of the following objectives as set forth in Section C of the Business Assistance policy:

(Each worth 2 Points)

Points

- 1. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- 2. To enhance and/or diversify the City's economic base.
- 3. To encourage additional unsubsidized private (re)development.
- 4. To remove blight and/or encourage (re)development of commercial and industrial areas.
- 5. To create housing opportunities for senior and low to moderate income families.
- 6. To provide a diversity of housing adjacent to cultural, recreational, economic, natural, education, and transportation systems.
- 7. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
- 8. To accomplish other public policies which may be adopted, in particular projects that are consistent with those community values and objectives described within the Comprehensive Plan.

B. Ratio of Private to Public Investment in Project:

Points:

\$ _____	Private Investment	5:1	<u>5</u>
\$ _____	Public Investment (including other public sources)	4:1	<u>4</u>
_____	Ratio Private : Public Financing	3:1	<u>3</u>
		2:1	<u>2</u>
		Less than 2:1	<u>1</u>

C. Job Creation:

Points:

_____	Net new living wage jobs (total FTE)	50+	<u>5</u>
		40+	<u>4</u>
		25+	<u>3</u>
		15+	<u>2</u>
		Less than 15	<u>1</u>

D. Job Creation:

_____ Net living wage retained jobs (total FTE)	Points:	_____
		50+ <u>4</u>
		25+ <u>3</u>
		10+ <u>2</u>
		Less than 10 <u>1</u>

E. Project Investment:

_____ Value of Capital Investment (future taxable)	Points:	_____
		Over \$2 million <u>5</u>
		\$1 - \$2 million <u>4</u>
		\$0.5 - \$1million <u>3</u>
		\$0.1 - \$0.5 million <u>2</u>
		Less than \$0.1 million <u>1</u>

F. Wage Level of Jobs Created:

Average hourly wage (including non-mandated benefits) of new living wage jobs _____	Points:	_____
		Over \$22/hour <u>5</u>
		\$20-22/hour <u>4</u>
		\$16-19/hour <u>3</u>
		\$13-15/hour <u>2</u>
		Under \$13/hour <u>1</u>

G. Ratio Of Business Assistance To New Jobs Created:

\$ _____ Business assistance requested	Points:	_____
_____ Number of net new jobs created		\$10,000 or less <u>5</u>
\$ _____ of business assist. per net new job created		\$10,000 or less <u>4</u>
		\$15,000 or less <u>3</u>
		\$25,000 or less <u>2</u>
		Over \$50,000 <u>1</u>

H. Project size:

The project will result in the construction of _____ square feet	Points:	_____
		50,000+ <u>5</u>
		30,000+ <u>4</u>
		15,000+ <u>3</u>
		5,000+ <u>2</u>
		5,000 or less <u>1</u>

i. Business Growth Potential:

_____ High	Points:	_____
_____ Moderate		<u>5</u>
_____ Low		<u>3</u>
		<u>1</u>

J. Likelihood that the project will result in unsubsidized, spin-off development:

_____	High	Points: _____
_____	Moderate	5
_____	Low	3
		1

K. Impact on tax rate? All things being equal, how much would the City's tax rate hypothetically increase if the project were to proceed with the requested business assistance?

<input type="checkbox"/>	.01%-.02%	Points: _____
<input type="checkbox"/>	.03%-.04%	5
<input type="checkbox"/>	.05%-.06%	4
<input type="checkbox"/>	.07%-.09%	3
<input type="checkbox"/>	.10%-.12%	2
		1

Sub-Total Points _____ of a possible 65 points.

Bonus Points

Bonus Points:

The project will be 100% <i>pay-as-you-go</i> financing	_____
	5
If the business has demonstrated a clear and ongoing commitment to the City of Grand Rapids community by providing living wage jobs to their employees and City of Grand Rapids residents.	_____
	5

Total Points: _____

Overall project analysis:	High	51 - 75 points
	Moderate	31 - 50 points
	Low	21 - 30 points
	Not Eligible	0 - 20 points

Part 1 – Corporation/Partnership Description

Oppidan Investment Company will be the co-owner of this development along with Grand Itasca Hospital. Oppidan has been in existence since 1991 and made a name for themselves as a retail developer. Over the years, as the economy changed, Oppidan adapted and has become a premier senior living developer across the country. Ebenezer will be the operator under a Management Agreement. Ebenezer is owned by Fairview Health Systems, who also owns the Grand Itasca Hospital which makes this an ideal location for the proposed senior community.

Oppidan has partnered with Ebenezer on six communities over the last three years. The first community opened in Woodbury, MN in 2015 and sold in 2017. The second in, White Bear Lake, opened in 2017 and the third in Shorewood, MN also opened in 2017. Oppidan acquired the Highlands of St. Paul in 2017 and immediately enlisted Ebenezer to take over the management of this community. Each of these communities offer Independent Living, Assisted Living and Memory Care apartments. Red Rock Senior Living, the first has 77 apartments, White Bear Heights has 113, Shorewood has 105 and Highlands has 151 apartments.

Oppidan and Ebenezer also have two communities under construction. The Pillars of Mankato, in Mankato, MN will open April 1, 2019 with 119 apartments while the Pillars of Prospect Park, in Minneapolis, will open 283 apartments in spring 2020. All of these communities offer similar amenities including chef prepared meals in a beautiful dining room, a beauty salon, fitness center, theater room, outdoor patios and multiple community rooms for activities and resident interaction. Oppidan, as owner, is proud to have this partnership with Ebenezer and has been very deliberate in our selection of them as our operator.

Additionally, Oppidan has enlisted Kaas Wilson, a renowned architect familiar with senior housing communities, to aide in the design of the proposed development. They incorporate state of the art design criteria to facilitate the needs of seniors as well as the requirements of operators, while allowing for a pleasant experience for visiting family members. The proposed building will be designed to fit the Grand Rapids, northern Minnesota community blended with a warm, residential feel. Oppidan and Kaas Wilson partnered together on the Pillars of Mankato and the Highlands of St. Paul renovation.

Part 2 – List of Shareholders/Partners

Oppidan Investment Company

Grand Itasca Hospital

Part 3 – Description of Project

The Pillars of Grand Rapids senior living development will serve many aspects for the betterment of the Grand Rapids area and surrounding communities. As we are all well aware, the number of baby boomers growing into the senior category is astounding, and that rate will only continue to grow over the next twenty years.

While seniors are currently being accommodated as it relates to senior housing in the Grand Rapids area demand is growing as are waitlists at existing communities. Soon, the current supply will be unmanageable as it relates to the escalating rate of maturing seniors.

This new community will be managed by Ebenezer who is very enthused about operating in this community and is highly confident in the success of this community for the Grand Rapids residents.

Not only will The Pillars of Grand Rapids be a great option for seniors but also a comforting solution for children of aging parents in the community. It is very typical for the “adult daughter” to be the one assisting parents in make this transitional living decision and being able to have mom and dad nearby is a great comfort and convenience for busy families.

Part 4 – But For Analysis

Oppidan Investment Company contracted a Senior Living Consultant to perform a market study to determine the demand for senior residential units for Independent, Assisted Living and Memory Care. The attached study supports the proposed project.

This community will be owned by Oppidan and Grand Itasca Hospital and will be operated by Ebenezer and will be designed using our aging in place concept. Ebenezer, wholly owned by Fairview Hospitals brings a wealth of experience and awareness to the aging population both from a caring living experience to necessary healthcare laws and requirements. Ebenezer operates quality independent living, assisted living and memory care communities located throughout Minnesota and parts of Iowa. Blending healthcare, customer service and residential property development assistance, Ebenezer has developed a solid reputation for quality senior living communities. Their facilities provide high-quality care in a safe, home-like setting. Amenities include game rooms, chapels, beauty salons, fitness centers, movie theaters, libraries and more.

The site described in the application totals 16 acres with the intent to subdivide the land into multiple parcels leaving approximately 6 acres for the senior living community. Oppidan will pursue a rezone to get the site to the R4 zoning required for a senior living development. The proposed community will be comprised of 119 apartments on four (4) levels for senior living in Grand Rapids and the surrounding communities.

A subdivision and rezone of this property will allow for a thoughtful development for seniors in the Grand Rapids market. The staged, aging in place allows residents to remain in place throughout various stages of life, only requiring a move when higher levels of memory care are required. This vibrant community will include several amenities inclusive of a fitness center, salon, bistro, community gathering rooms and beautiful outdoor spaces. A senior could enter into the community at the peak of their senior years to eliminate the hassle of homeownership or one could enter at a time when acute healthcare assistance is needed to monitor and manage mental and/or physical decline.

TIF is required to provide economic assistance to allow for the owner to make a minimum return on their investment. As demonstrated with the attached proforma, the project currently creates a 7.17% return on the investment. Typically senior housing projects require a 9% return for projects built within a primary market. It could be assumed that a return closer to 9.25% would be acceptable for a tertiary market such as Grand Rapids, MN. The returns for this project in this market are lower due to increased costs of construction, increased interest rates, increasing costs of labor and lower rents for the Grand Rapids, MN market. Generally the overall costs have increased with a decrease of NOI. We still feel that the Grand Rapids market will benefit from having a state of the art Senior community and thus we are looking to work with the city to provide up to \$4,000,000 of TIF assistance which would get us close to an acceptable return. We are very enthused about the demand but concerned about the economics that the current market conditions present.

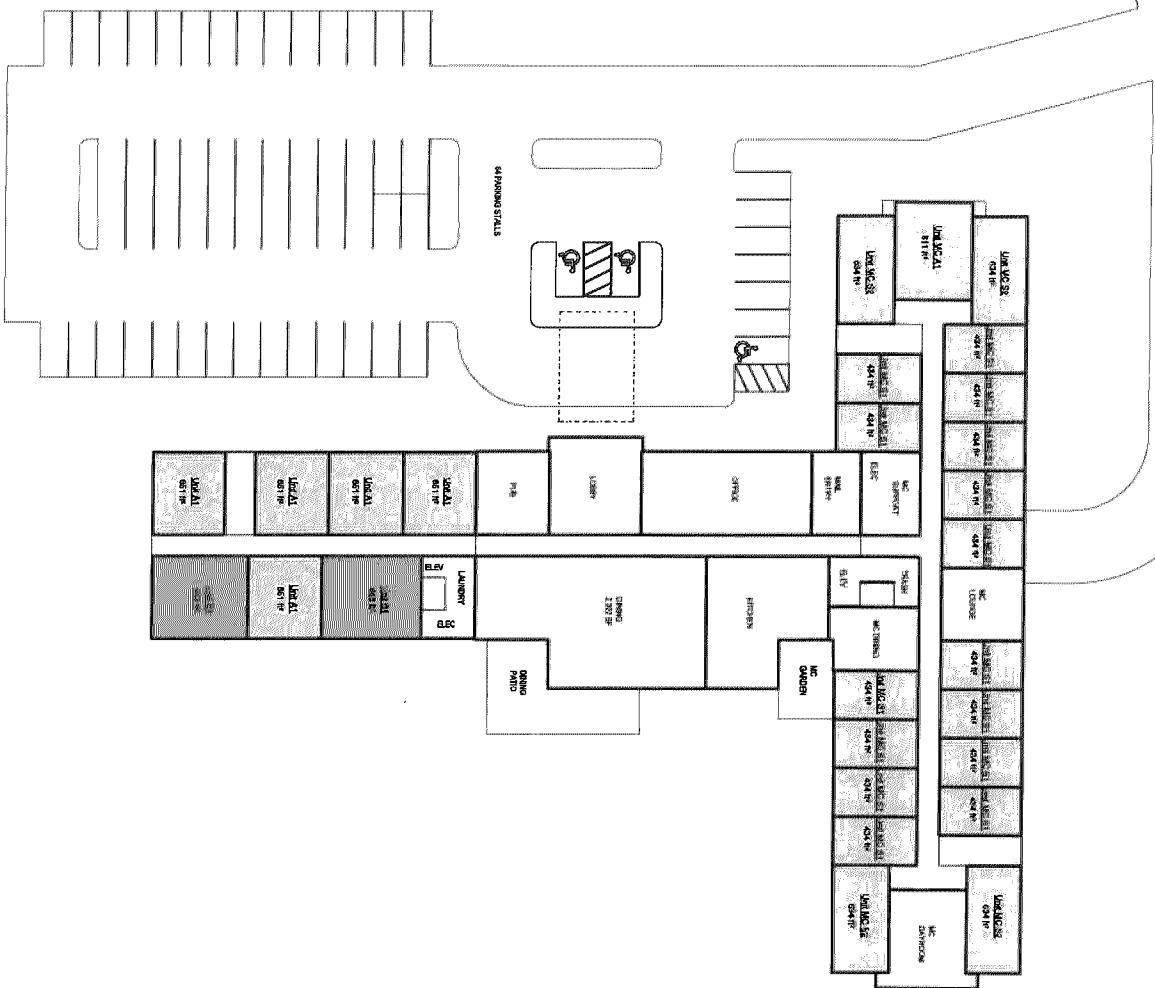
Part 5 - List of prospective Lessees

The leasing process will not begin until the full development is approved via the City process, however the Market Study confirms that there is demand and interest in the Grand Rapids market.

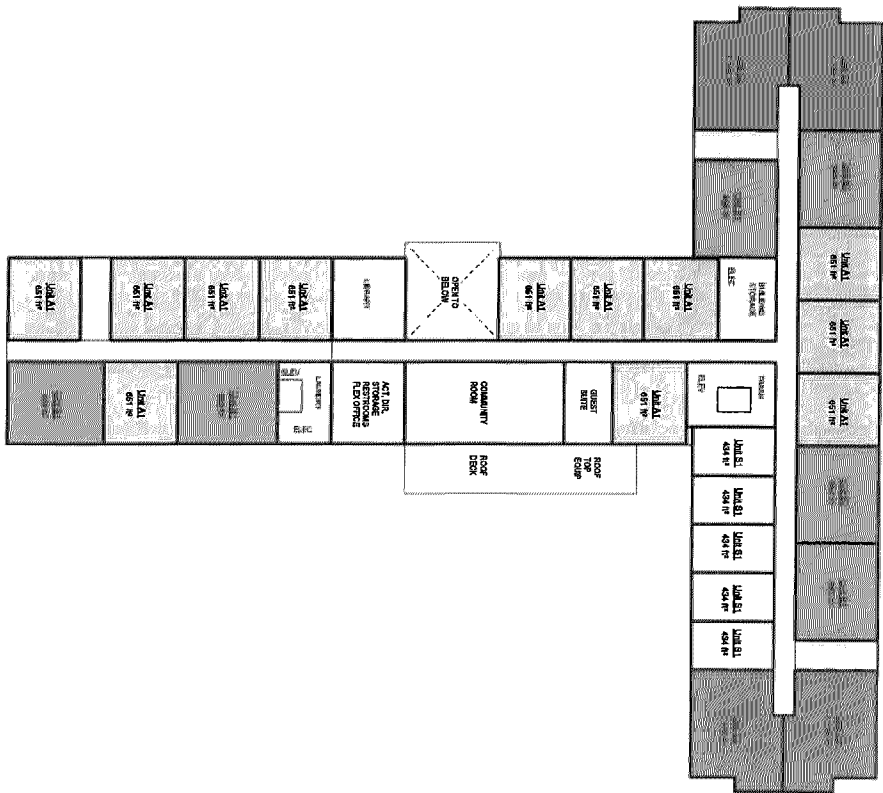
Part 6 – Legal Description and PID Numbers, maps of the project area and project renderings

PID – 91-030-1102

The Northeast Quarter of the Northeast Quarter (NE $\frac{1}{4}$ NE $\frac{1}{4}$), Section Thirty (30), Township Fifty-five (55) North, Range Twenty Five (25) West of the Fourth Principal Meridian, less the South 250 feet of the West 347 feet thereof;

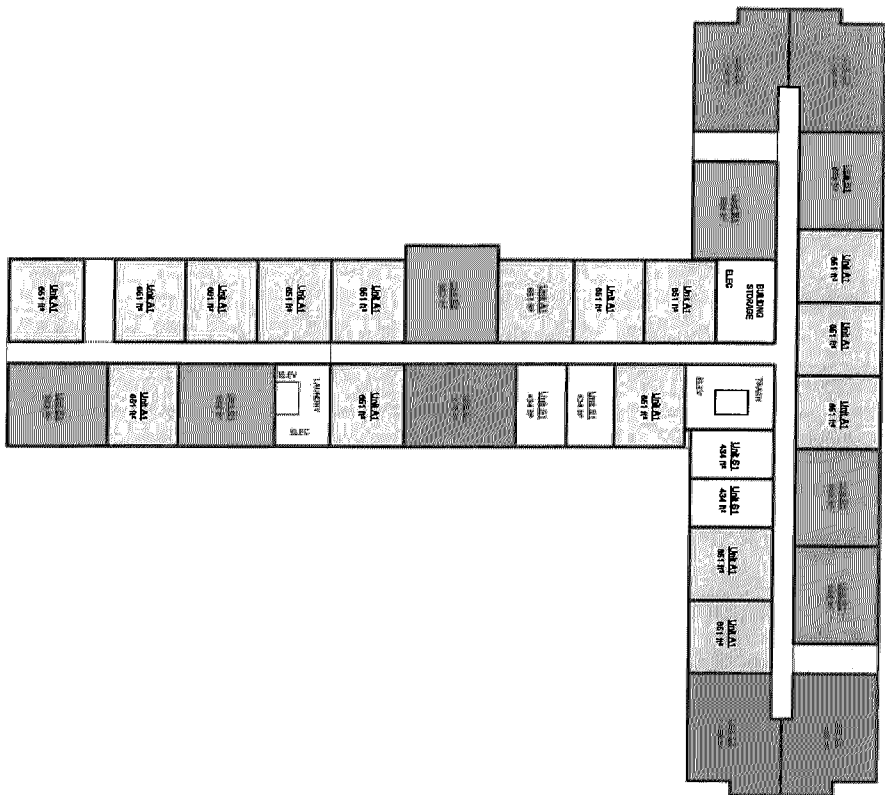


③ 1st Floor

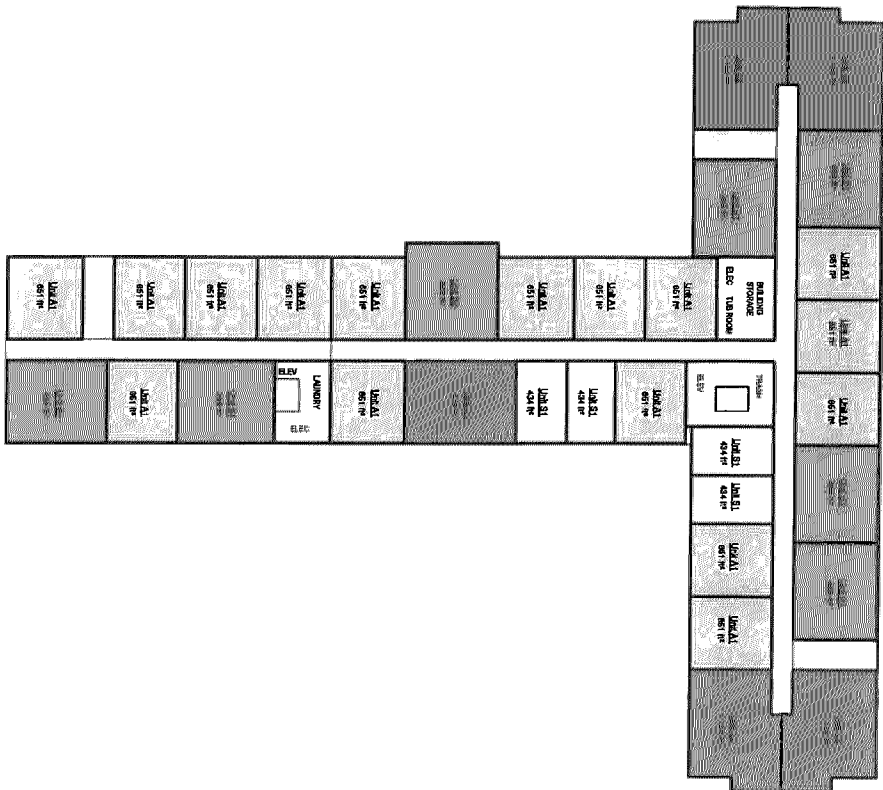


④ 2nd Floor

② Level 3
7/16/17



① Level 4
7/16/17



OPPIDAN DEVELOPMENT SUMMARY

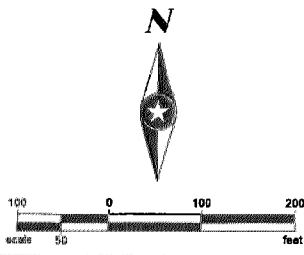
Project: Senior Housing

City: Grand Rapids, MN

2/8/2019

Deal Category		Project Category	
Bank Interest Rate	6.00%	Tenant	Sr. Housing
Rent Constant	7.17%	# of Units	119
Total Project Costs	\$27,521,367	Avg. Rent/Unit	\$16,583
Equity Requirement & Rental Income	(\$5,394,567)	Annual Rent	\$1,973,401
Net Bank Loan	\$22,126,800	Land Acreage	3.83

Code	Category	Cost/ SQFT	Total Cost	Gross Cost Per SQFT	% of Total Costs
1.0	Land				
	Land Cost		\$450,000		
	Legal Fees & Acquisition		\$25,000		
	Totals		\$475,000	\$3,992	1.7%
2.0	Site Work				
	General Site Work		\$808,396		
	TIF Allocation		\$0		
	Totals		\$808,396	\$6,793	2.9%
3.0	Building Costs				
	Sr. Housing	\$136,529	\$16,246,987		
	Add Alternates		\$742,380		
	Contingency		\$350,000		
	Totals		\$17,339,367	\$145,709	63.0%
4.0	Tenant Improvements				
	Sr. Housing	\$0.00	\$0		
	Totals		\$0	\$0	0.0%
5.0	Financing Costs				
	Title Ins./Mortg. Registration		\$99,571		
	Financing Costs		\$221,268		
	Legal - Borrower		\$25,000		
	Legal - Lender		\$15,000		
	Appraisal		\$7,500		
	Inspecting Architect		\$25,000		
	Insurance		\$25,000		
	Miscellaneous Closing Costs		\$25,000		
	Totals		\$443,339	\$3,726	1.6%
6.0	Interest Schedule				
	Interest Carry Costs		\$3,599,435		
	Totals		\$3,599,435	\$30,247	13.1%
7.0	Leasing & Marketing				
	Pre-Opening Loss from Ops		\$491,473		
	Year 1 Loss from Ops		\$752,502		
	FF&E		\$809,200		
	Movables		\$858,030		
	Totals		\$2,911,205	\$24,464	10.6%
8.0	Technical Assistance				
	Architect & Structural		\$464,200		
	Civil Engineer		\$58,025		
	Environmental Reports		\$25,000		
	Geo-Tech Report		\$20,000		
	LHB Inspection Report		\$6,900		
	ALTA Survey		\$3,000		
	Special Testing		\$5,000		
	Totals		\$582,125	\$4,892	2.1%
9.0	Dedications				
	SAC/WAC		\$0		
	Insurance		\$15,000		
	City Application Costs		\$15,000		
	Miscellaneous Dedications		\$5,000		
	City Review Fees		\$15,000		
	Real Estate Taxes		\$25,000		
	OxBlue Camera		\$20,000		
	Watershed		\$17,500		
	Totals		\$112,500	\$945	0.4%
10.0	Developer's Fees				
	Oppidan Fee		\$750,000		
	Totals		\$750,000	\$6,303	2.7%
11.0	Contingency				
	Project Contingency		\$500,000		
	Totals		\$500,000	\$4,202	1.8%
12.0	Rental Income				
	Rental Income		\$0		
	Totals		\$0	\$0	0.0%
	Project Totals		\$27,521,367	\$231,272	100.0%
	Equity				
	Equity Requirement		(\$5,394,567)		
	Totals		(\$5,394,567)	(\$45,332)	-19.6%
	Net Bank Loan		\$22,126,800	\$185,939	80.4%



BLANDIN
RESERVOIR

NORTHERN PARCEL AREA
+/- 9.2 ACRES

SOUTHERN PARCEL AREA
+/- 6.4 ACRES

PROPOSED DEVELOPMENT

GRAND ITASCA
CLINIC & HOSPITAL
PARCEL: 91-030-1102

GRAND ITASCA SOUTH ENTRANCE

ROBERT D. HAUFF &
SHARON L. TRUSTEES
PARCEL: 91-030-1204

ROBERT D. HAUFF &
SHARON L. TRUSTEES
PARCEL: 91-030-1101

GOLF COURSE ROAD

Save: 1/25/2019 8:36 AM schmidtson Plt: 1/25/2019 8:42 AM P:\K\O\OPP\1484115-fin-dsgn\15-drawings\15-Civil\read\dwg\entire\148411_P1102_P1102.dwg



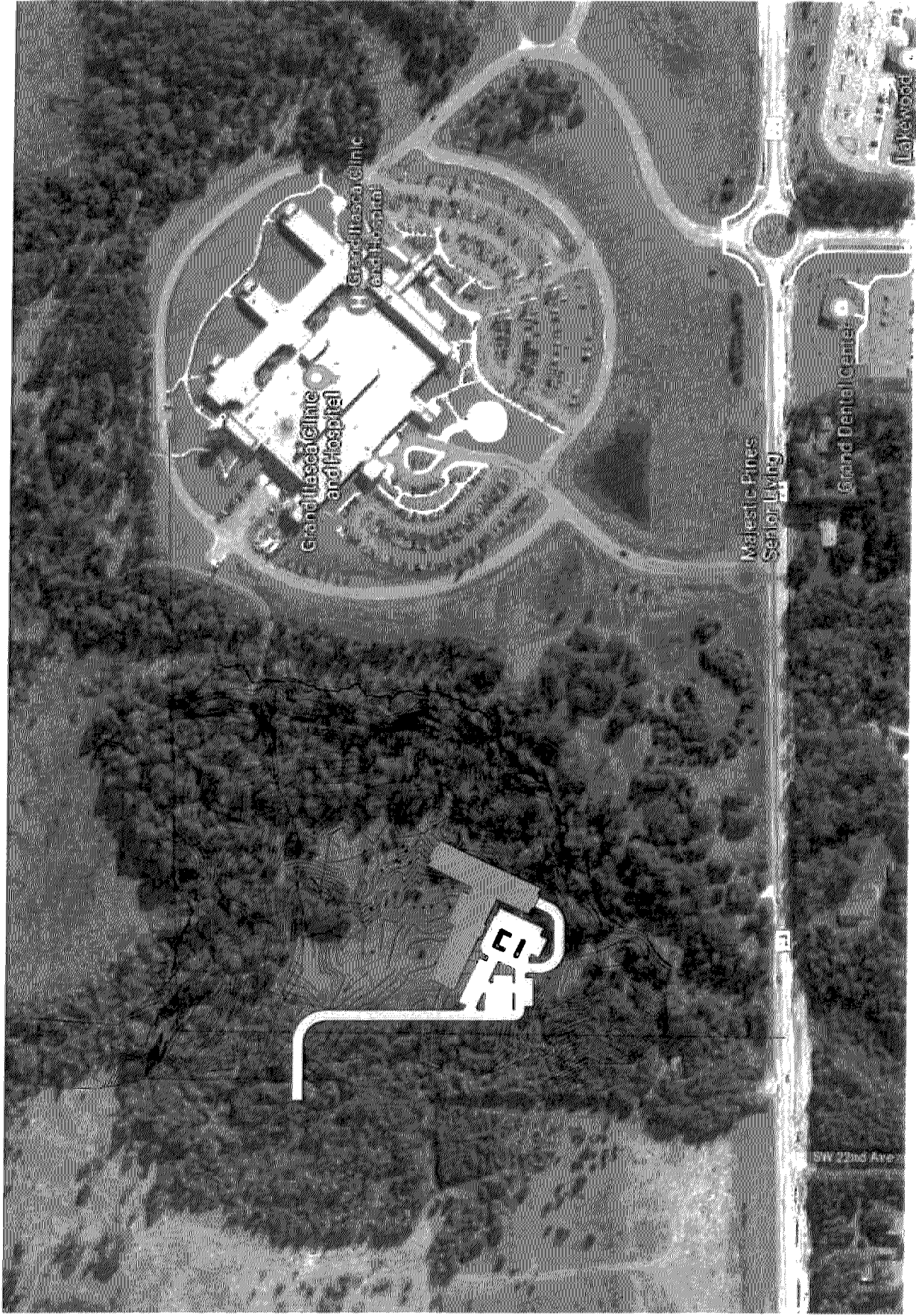
PHONE: 218.322.4500
21 NE 5TH ST STE 200
GRAND RAPIDS, MN 55744
www.sehinc.com

FILE NO. OPP148411
DATE: 1/25/2019

**PARCEL 91-030-1102
PROPOSED WEST AREAS
PRELIMINARY SITE WORK
GRAND RAPIDS, MN**

**EXHIBIT
NO. 1**





Part 7 – Public Purpose Narrative

The Pillars of Grand Rapids development will serve as as a wonderful home for the seniors of the Grand Rapids area and surrounding communities. The number of baby boomers growing into the senior population is astounding, and that rate will only continue to grow over the next twenty years.

While seniors are currently being accommodated as it relates to senior housing in the Grand Rapids area demand is growing as are waitlists at existing communities. As this continues, the current supply will be unmanageable as it relates to the escalating rate of maturing seniors.

This proposed community will be managed by Ebenezer who is very enthused about operating in this community and is highly confident in the success of this community for the Grand Rapids residents. Ebenezer is owned by Fairview Hospitals as is Grand Itasca so the partnering of services for our seniors will be second to none.

Not only will Grand Rapids Senior Living be a great option for seniors but also a comforting solution for children of aging parents in the community. It is very typical for the “adult daughter” to be the one assisting parents in make this transitional living decision and being able to have mom and dad nearby is a great comfort and convenience for busy families.

Part 8 – Sources and Uses of Funds – Additional Information

See attached.

	Land Cost		\$450,000		
	Legal Fees & Acquisition		\$25,000		
	Totals		\$475,000	\$3,992	1.7%
2.0	Site Work				
	General Site Work		\$808,396		
	TIF Allocation		\$0		
	Totals		\$808,396	\$6,793	2.9%
3.0	Building Costs				
	Sr. Housing	\$136,529	\$16,246,987		
	Add Alternates		\$742,380		
	Contingency		\$350,000		
	Totals		\$17,339,367	\$145,709	63.0%
4.0	Tenant Improvements				
	Sr. Housing	\$0.00	\$0		
	Totals		\$0	\$0	0.0%
5.0	Financing Costs				
	Title Ins./Mortg. Registration		\$99,571		
	Financing Costs		\$221,268		
	Legal - Borrower		\$25,000		
	Legal - Lender		\$15,000		
	Appraisal		\$7,500		
	Inspecting Architect		\$25,000		
	Insurance		\$25,000		
	Miscellaneous Closing Costs		\$25,000		
	Totals		\$443,339	\$3,726	1.6%
6.0	Interest Schedule				
	Interest Carry Costs		\$3,599,435		
	Totals		\$3,599,435	\$30,247	13.1%
7.0	Leasing & Marketing				
	Pre-Opening Loss from Ops		\$491,473		
	Year 1 Loss from Ops		\$752,502		
	FF&E		\$809,200		
	Movables		\$858,030		
	Totals		\$2,911,205	\$24,464	10.6%
8.0	Technical Assistance				
	Architect & Structural		\$464,200	x	
	Civil Engineer		\$58,025	x	
	Environmental Reports		\$25,000		
	Geo-Tech Report		\$20,000		
	LHB Inspection Report		\$6,900		
	ALTA Survey		\$3,000		
	Special Testing		\$5,000		
	Totals		\$582,125	\$4,892	2.1%
9.0	Dedications				
	SAC/WAC		\$0	x	
	Insurance		\$15,000		
	City Application Costs		\$15,000		
	Miscellaneous Dedications		\$5,000		
	City Review Fees		\$15,000		
	Real Estate Taxes		\$25,000		
	OxBlue Camera		\$20,000		
	Watershed		\$17,500		
	Totals		\$112,500	\$945	0.4%
10.0	Developer's Fees				
	Oppidan Fee		\$750,000		
	Totals		\$750,000	\$6,303	2.7%

EXHIBIT A
BUSINESS ASSISTANCE APPLICATION

A. APPLICANT INFORMATION

Name of Corporation/Partnership Appidan, Inc.
Address 400 Water Street, Suite 200 Excelsior, MN 55331
Primary Contact Shannon Rusk, Michelle Riedel
Address 400 Water Street, Suite 200 Excelsior, MN 55331
Phone 952-294-0353 Fax E-mail shannon@appidan.com
michelle@appidan.com

Type of business assistance requested (select one):

- Tax Abatement
[X] Tax Increment Financing

Have you been, or are you currently, involved in any bankruptcy proceedings or lawsuits related to other development projects with which you have been involved? If yes, please provide an explanation.

- [] Yes
[X] No

On a separate sheet, please provide the following:

- Brief description of the corporation/partnership's business, including history, principal product or service, etc. Attach as Part 1.
List names of officers and shareholders/partners with more than five percent (5%) interest in the corporation/partnership. Attach as Part 2.
Brief description of the proposed project. Attach as Part 3.
A but for analysis and narrative. Attach as Part 4.

Attorney Name David Scott
Address 400 Water Street, Suite 200, Excelsior, MN 55331
Phone 952-294-1255 Fax E-mail david@appidan.com

Contractor Name TBD
Address
Phone Fax E-mail

Engineer Name GEH - GARA CHRISTENSEN
Address
Phone 218-322-4513 Fax E-mail schristensen@gehinc.com

Architect Name Knag Wilson
 Address 1301 American Blvd. E, Suite 100, Bloomington, MN 55425
 Phone 612-279-0911 Fax _____ E-mail Kim@KnagWilson.com

B. PROJECT INFORMATION

1. The project will be: (Check all that apply)

- Industrial: (New Construction Redevelopment/Rehab Expansion)
- Office/research facility: (New Construction Redevelopment/Rehab Expansion)
- Commercial: (New Construction Redevelopment/Rehab Expansion)
- Housing: (New Construction Redevelopment/Rehab Expansion)
- Other _____

2. The project will be: Owner Occupied Leased Space

- If leased space, please attach a list of names and addresses of future tenants and indicate the status of commitments or lease agreements. **Attach as Part 5.**

3. Project Address 1601 Golf Course Rd., Grand Rapids, MN 55744

- Include Legal Description and PID number(s). **Attach as Part 6.**

4. Site Plan Attached: Yes No

5. Current Real Estate Taxes on Project Site: \$ 0.00

6. Estimated Real Estate Taxes Upon Completion: Phase I \$ _____
 Phase II \$ _____
 Phase III \$ _____
 Total \$ _____

7. Construction Start Date: 06/1, 2019

8. Construction Completion Date: April 1, 2021

If Phased Project: _____ % Completed in _____ years
 _____ % Completed in _____ years
 _____ % Completed in _____ years

C. PUBLIC PURPOSE OBJECTIVES

It is the policy of the City of Grand Rapids that the business assistance should result in a public benefit as identified in items 1-7 below. Please indicate how the proposed project will accomplish this by checking the appropriate boxes. Attach additional narrative as Part 7.

- 1. To retain local jobs and/or increase the number and div
- 2. To enhance and/or diversify the City's economic base.
- 3. To encourage additional unsubsidized private (re)development.
- 4. To remove blight and/or encourage (re)development of commercial and industrial areas.
- 5. To create housing opportunities for senior and low to moderate income families.
- 6. To provide a diversity of housing adjacent to cultural, recreational, economic, natural, education, and transportation systems.
- 7. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
- 8. To accomplish other public policies which may be adopted, in particular projects that are consistent with those community values and objectives described within the Comprehensive Plan.

D. SOURCES & USES OF FUNDS Attach additional information as Part 8

<u>SOURCES</u>	<u>AMOUNT</u>
Bank Loan	\$ <u>22,028,591</u>
Other Loans	\$ <u>5,394,567</u>
Owner Equity	\$ _____
Fed Grant/Loan	\$ _____
State Grant/Loan	\$ _____
Tax Abatement	\$ _____
Tax Increment Financing	\$ _____
Industrial Development Bonds	\$ _____
Other	\$ _____
TOTAL	\$ <u>27,423,158</u>

<u>USES</u>	<u>AMOUNT</u>
Land Acquisition	\$ <u>490,000</u>
Site Development	\$ <u>808,396</u>
Construction	\$ <u>17,471,867</u>
Machinery & Equipment	\$ _____
Architectural/Engineering Fees	\$ <u>582,125</u>
Debt Service Reserve	\$ <u>3,924,566</u>
Contingencies	\$ <u>500,000</u>
Other	\$ <u>3,686,205</u>
TOTAL	\$ <u>27,423,159</u>

Total Amount of business assistance requested from either Abatement or Tax Increment Financing:
\$4,000,000

E. ADDITIONAL DOCUMENTATION AND CHECKLIST

Applicants will also be required to provide the following documentation.
 All personal financial information will be kept private and confidential.

- 1. Written business plan or a description of the business, ownership/ management, date established, products and services, and future plans.
- 2. Financial statements for past two years, including profit and loss statements and balance sheets.
- 3. Two year financial projections, or if housing project, or leased space, include a 10-year operating pro-forma.
- 4. Personal financial statements of all major shareholders (principals) including the most recent 2 years of tax returns.
- 5. Letter of commitment from other sources of financing, stating terms and conditions of their participation in the project.
- 6. Administrative fee of \$5,000. In addition to defraying the cost of staff time, the fee will be used to pay costs associated with processing this request for financial assistance such as legal, engineering and financial analysis. The City reserves the right to stop the processing of the request until additional fees are paid should the original amount be insufficient to pay such costs. That portion which remains unspent, if any, will be returned only if the project is denied approval.
- 7. Attach the following documentation:
 - Part 1 – Corporation/Partnership Description
 - Part 2 – List of Shareholders/Partners
 - Part 3 – Description of Project
 - Part 4 – But For Analysis

- ✓ Part 5 – List of Prospective Lessees
- ✓ Part 6 – Legal Description, Property Identification Numbers, maps of the project area, and project renderings
- ✓ Part 7 – Public Purpose Narrative
- ✓ Part 8 – Sources & Uses of Funds – Additional Information

The undersigned certifies that all information provided in this application is true and correct to the best of the undersigned's knowledge. The undersigned authorizes the City of Grand Rapids to check credit references, verify financial and other information, and share this information with other political subdivisions as needed. The undersigned also agrees to provide any additional information as may be requested by the City after the filing of this application.

Applicant Name  Date 2/8/19
By Applian, Inc.
Its Developer

**EXHIBIT C
BUSINESS ASSISTANCE REVIEW WORKSHEET
FOR HOUSING PROJECTS**

TO BE COMPLETED BY APPLICANT AND CITY STAFF

A. The project meets which of the following objectives as set forth in Section C of the Business Assistance policy:

(Each worth 2 Points)

Points: _____

- 1. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits
- 2. To enhance and/or diversify the City's economic base.
- 3. To encourage additional unsubsidized private (re)development.
- 4. To remove blight and/or encourage (re)development of commercial and industrial areas.
- 5. To create housing opportunities for senior and low to moderate income families.
- 6. To provide a diversity of housing types adjacent to cultural, recreational, economic, natural, education and transportation systems
- 7. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
- 8. To accomplish other public policies which may be adopted, in particular projects that are consistent with those community values and objectives described within the Comprehensive Plan.

B. Ratio of Private to Public Investment in Project:

Points: _____

\$ _____ Private Investment

5:1 5

\$ _____ Public Investment

4:1 4

_____ Ratio Private : Public Financing

3:1 3

2:1 2

Less than 2:1 1

C. Project provides housing that is not restricted to persons 55 years and older:

Points: _____

3

D. Project provides that at least 30% of the total units are three-bedroom or more:

Points: _____

3

E. Project proposes rehabilitation of existing housing, housing stock, and maximizes utilization of existing infrastructure:

Points: _____

5

F. Project proposes a location near existing jobs, transportation, recreation, retail services, social services, and schools:

Points:

5

G. Project size:

The project will result in the construction
of _____ square feet

Points:

50,000+	5
30,000+	4
15,000+	3
5,000+	2
5,000 or less	1

H. Likelihood that the project will result in unsubsidized, spin-off development:

_____ High
_____ Moderate
_____ Low

Points:

High	3
Moderate	2
Low	1

I. Impact on tax rate? All things being equal, how much would the City's tax rate hypothetically increase if the project were to proceed with the requested business assistance?

- .01%-.02%
- .03%-.04%
- .05%-.06%
- .07%-.09%
- .10%-.12%

Points:

.01%-.02%	5
.03%-.04%	4
.05%-.06%	3
.07%-.09%	2
.10%-.12%	1

Sub-Total Points _____ **of a possible 50 points.**

Bonus Points

The project will be 100% *pay-as-you-go* financing

Bonus Points:

5

Total Points: _____

Overall project analysis:	High	45 - 55 points
	Moderate	30 - 44 points
	Low	15 - 29 points
	Not Eligible	0 - 14 points

EXHIBIT B
BUSINESS ASSISTANCE REVIEW WORKSHEET
FOR COMMERCIAL/INDUSTRIAL PROJECTS
TO BE COMPLETED BY APPLICANT AND CITY STAFF

A. The project meets which of the following objectives as set forth in Section C of the Business Assistance policy:

(Each worth 2 Points)

Points

- 1. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- 2. To enhance and/or diversify the City's economic base.
- 3. To encourage additional unsubsidized private (re)development.
- 4. To remove blight and/or encourage (re)development of commercial and industrial areas.
- 5. To create housing opportunities for senior and low to moderate income families.
- 6. To provide a diversity of housing adjacent to cultural, recreational, economic, natural, education, and transportation systems.
- 7. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
- 8. To accomplish other public policies which may be adopted, in particular projects that are consistent with those community values and objectives described within the Comprehensive Plan.

B. Ratio of Private to Public Investment in Project:

Points:

\$ _____	Private Investment	5:1	<u>5</u>
\$ _____	Public Investment (including other public sources)	4:1	<u>4</u>
_____	Ratio Private : Public Financing	3:1	<u>3</u>
		2:1	<u>2</u>
		Less than 2:1	<u>1</u>

C. Job Creation:

Points:

_____	Net new living wage jobs (total FTE)	50+	<u>5</u>
		40+	<u>4</u>
		25+	<u>3</u>
		15+	<u>2</u>
		Less than 15	<u>1</u>

D. Job Creation:

_____ Net living wage retained jobs (total FTE)	Points:	
	50+	4
	25+	3
	10+	2
	Less than 10	1

E. Project Investment:

_____ Value of Capital Investment (future taxable)	Points:	
	Over \$2 million	5
	\$1 - \$2 million	4
	\$0.5 - \$1million	3
	\$0.1 – \$0.5 million	2
	Less than \$0.1 million	1

F. Wage Level of Jobs Created:

Average hourly wage (including non-mandated benefits) of <i>new</i> living wage jobs _____	Points:	
	Over \$22/hour	5
	\$20-22/hour	4
	\$16-19/hour	3
	\$13-15/hour	2
	Under \$13/hour	1

G. Ratio Of Business Assistance To New Jobs Created:

\$ _____ Business assistance requested	Points:	
_____ Number of net <i>new</i> jobs created	\$10,000 or less	5
\$ _____ of business assist. per net <i>new</i> job created	\$10,000 or less	4
	\$15,000 or less	3
	\$25,000 or less	2
	Over \$50,000	1

H. Project size:

The project will result in the construction of _____ square feet	Points:	
	50,000+	5
	30,000+	4
	15,000+	3
	5,000+	2
	5,000 or less	1

I. Business Growth Potential:

_____ High	Points:	
_____ Moderate		5
_____ Low		3
		1

J. Likelihood that the project will result in unsubsidized, spin-off development:

_____	High	Points: _____
_____	Moderate	<u>5</u>
_____	Low	<u>3</u>
		<u>1</u>

K. Impact on tax rate? All things being equal, how much would the City's tax rate hypothetically increase if the project were to proceed with the requested business assistance?

<input type="checkbox"/>	.01%-.02%	Points: _____
<input type="checkbox"/>	.03%-.04%	<u>5</u>
<input type="checkbox"/>	.05%-.06%	<u>4</u>
<input type="checkbox"/>	.07%-.09%	<u>3</u>
<input type="checkbox"/>	.10%-.12%	<u>2</u>
		<u>1</u>

Sub-Total Points _____ of a possible 65 points.

Bonus Points

Bonus Points:

The project will be 100% <i>pay-as-you-go</i> financing	_____
	<u>5</u>
If the business has demonstrated a clear and ongoing commitment to the City of Grand Rapids community by providing living wage jobs to their employees and City of Grand Rapids residents.	_____
	<u>5</u>

Total Points: _____

Overall project analysis:	High	51 - 75 points
	Moderate	31 - 50 points
	Low	21 - 30 points
	Not Eligible	0 - 20 points

Part 1 – Corporation/Partnership Description

Oppidan Investment Company will be the co-owner of this development along with Grand Itasca Hospital. Oppidan has been in existence since 1991 and made a name for themselves as a retail developer. Over the years, as the economy changed, Oppidan adapted and has become a premier senior living developer across the country. Ebenezer will be the operator under a Management Agreement. Ebenezer is owned by Fairview Health Systems, who also owns the Grand Itasca Hospital which makes this an ideal location for the proposed senior community.

Oppidan has partnered with Ebenezer on six communities over the last three years. The first community opened in Woodbury, MN in 2015 and sold in 2017. The second in, White Bear Lake, opened in 2017 and the third in Shorewood, MN also opened in 2017. Oppidan acquired the Highlands of St. Paul in 2017 and immediately enlisted Ebenezer to take over the management of this community. Each of these communities offer Independent Living, Assisted Living and Memory Care apartments. Red Rock Senior Living, the first has 77 apartments, White Bear Heights has 113, Shorewood has 105 and Highlands has 151 apartments.

Oppidan and Ebenezer also have two communities under construction. The Pillars of Mankato, in Mankato, MN will open April 1, 2019 with 119 apartments while the Pillars of Prospect Park, in Minneapolis, will open 283 apartments in spring 2020. All of these communities offer similar amenities including chef prepared meals in a beautiful dining room, a beauty salon, fitness center, theater room, outdoor patios and multiple community rooms for activities and resident interaction. Oppidan, as owner, is proud to have this partnership with Ebenezer and has been very deliberate in our selection of them as our operator.

Additionally, Oppidan has enlisted Kaas Wilson, a renowned architect familiar with senior housing communities, to aide in the design of the proposed development. They incorporate state of the art design criteria to facilitate the needs of seniors as well as the requirements of operators, while allowing for a pleasant experience for visiting family members. The proposed building will be designed to fit the Grand Rapids, northern Minnesota community blended with a warm, residential feel. Oppidan and Kaas Wilson partnered together on the Pillars of Mankato and the Highlands of St. Paul renovation.

Part 2 – List of Shareholders/Partners

Oppidan Investment Company

Grand Itasca Hospital

Part 3 – Description of Project

The Pillars of Grand Rapids senior living development will serve many aspects for the betterment of the Grand Rapids area and surrounding communities. As we are all well aware, the number of baby boomers growing into the senior category is astounding, and that rate will only continue to grow over the next twenty years.

While seniors are currently being accommodated as it relates to senior housing in the Grand Rapids area demand is growing as are waitlists at existing communities. Soon, the current supply will be unmanageable as it relates to the escalating rate of maturing seniors.

This new community will be managed by Ebenezer who is very enthused about operating in this community and is highly confident in the success of this community for the Grand Rapids residents.

Not only will The Pillars of Grand Rapids be a great option for seniors but also a comforting solution for children of aging parents in the community. It is very typical for the “adult daughter” to be the one assisting parents in make this transitional living decision and being able to have mom and dad nearby is a great comfort and convenience for busy families.

Part 4 – But For Analysis

Oppidan Investment Company contracted a Senior Living Consultant to perform a market study to determine the demand for senior residential units for Independent, Assisted Living and Memory Care. The attached study supports the proposed project.

This community will be owned by Oppidan and Grand Itasca Hospital and will be operated by Ebenezer and will be designed using our aging in place concept. Ebenezer, wholly owned by Fairview Hospitals brings a wealth of experience and awareness to the aging population both from a caring living experience to necessary healthcare laws and requirements. Ebenezer operates quality independent living, assisted living and memory care communities located throughout Minnesota and parts of Iowa. Blending healthcare, customer service and residential property development assistance, Ebenezer has developed a solid reputation for quality senior living communities. Their facilities provide high-quality care in a safe, home-like setting. Amenities include game rooms, chapels, beauty salons, fitness centers, movie theaters, libraries and more.

The site described in the application totals 16 acres with the intent to subdivide the land into multiple parcels leaving approximately 6 acres for the senior living community. Oppidan will pursue a rezone to get the site to the R4 zoning required for a senior living development. The proposed community will be comprised of 119 apartments on four (4) levels for senior living in Grand Rapids and the surrounding communities.

A subdivision and rezone of this property will allow for a thoughtful development for seniors in the Grand Rapids market. The staged, aging in place allows residents to remain in place throughout various stages of life, only requiring a move when higher levels of memory care are required. This vibrant community will include several amenities inclusive of a fitness center, salon, bistro, community gathering rooms and beautiful outdoor spaces. A senior could enter into the community at the peak of their senior years to eliminate the hassle of homeownership or one could enter at a time when acute healthcare assistance is needed to monitor and manage mental and/or physical decline.

TIF is required to provide economic assistance to allow for the owner to make a minimum return on their investment. As demonstrated with the attached proforma, the project currently creates a 7.17% return on the investment. Typically senior housing projects require a 9% return for projects built within a primary market. It could be assumed that a return closer to 9.25% would be acceptable for a tertiary market such as Grand Rapids, MN. The returns for this project in this market are lower due to increased costs of construction, increased interest rates, increasing costs of labor and lower rents for the Grand Rapids, MN market. Generally the overall costs have increased with a decrease of NOI. We still feel that the Grand Rapids market will benefit from having a state of the art Senior community and thus we are looking to work with the city to provide up to \$4,000,000 of TIF assistance which would get us close to an acceptable return. We are very enthused about the demand but concerned about the economics that the current market conditions present.

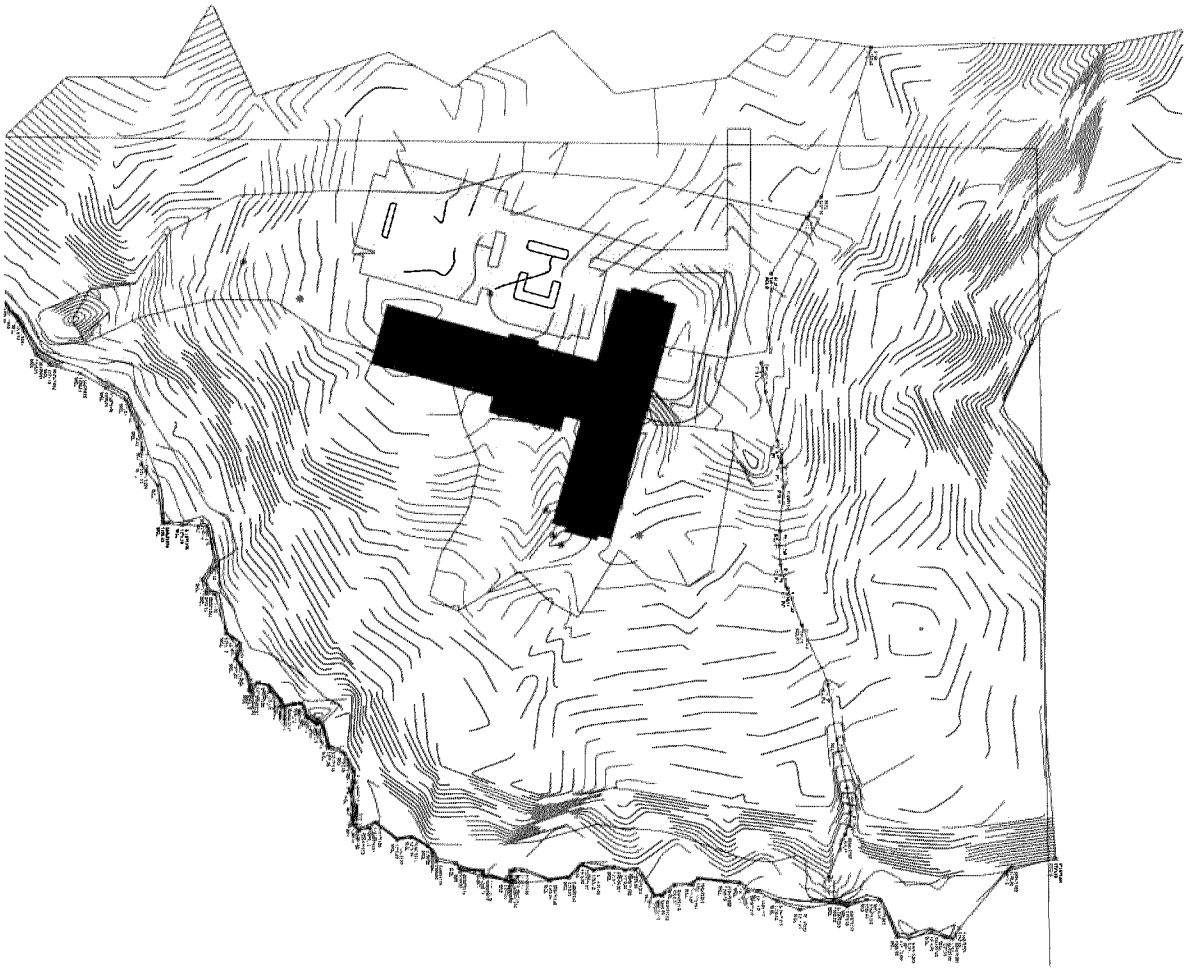
Part 5 - List of prospective Lessees

The leasing process will not begin until the full development is approved via the City process, however the Market Study confirms that there is demand and interest in the Grand Rapids market.

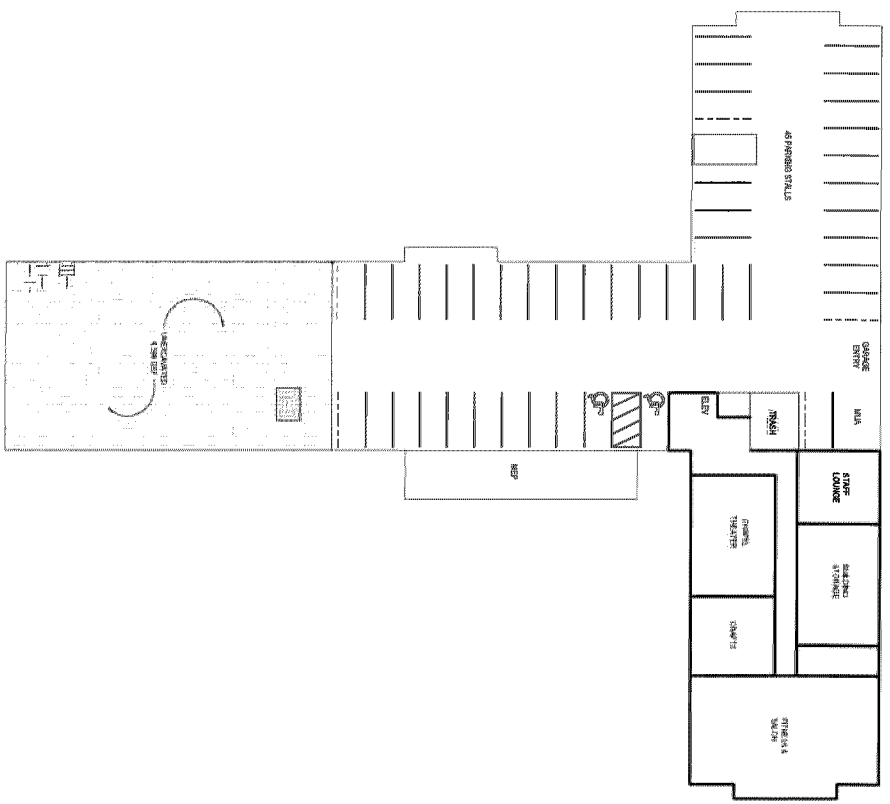
Part 6 – Legal Description and PID Numbers, maps of the project area and project renderings

PID – 91-030-1102

The Northeast Quarter of the Northeast Quarter (NE $\frac{1}{4}$ NE $\frac{1}{4}$), Section Thirty (30), Township Fifty-five (55) North, Range Twenty Five (25) West of the Fourth Principal Meridian, less the South 250 feet of the West 347 feet thereof;



① Site Plan



② Level 1

Units by Floor

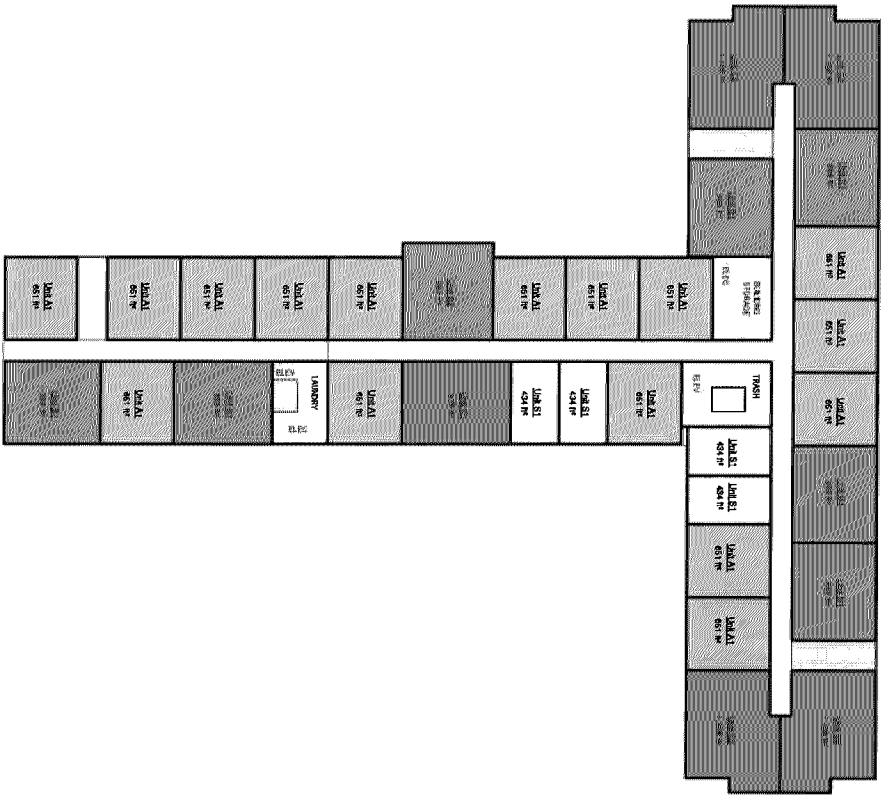
Floor	Count	Area
Level 1	14	14,428.00
Level 2	14	14,428.00
Level 3	14	14,428.00
Level 4	14	14,428.00
Level 5	14	14,428.00
Level 6	14	14,428.00
Level 7	14	14,428.00
Level 8	14	14,428.00
Level 9	14	14,428.00
Level 10	14	14,428.00
Level 11	14	14,428.00
Level 12	14	14,428.00
Level 13	14	14,428.00
Level 14	14	14,428.00
Level 15	14	14,428.00
Level 16	14	14,428.00
Level 17	14	14,428.00
Level 18	14	14,428.00
Level 19	14	14,428.00
Level 20	14	14,428.00
Level 21	14	14,428.00
Level 22	14	14,428.00
Level 23	14	14,428.00
Level 24	14	14,428.00
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Level 88	14	14,428.00
Level 89	14	14,428.00
Level 90	14	14,428.00
Level 91	14	14,428.00
Level 92	14	14,428.00
Level 93	14	14,428.00
Level 94	14	14,428.00
Level 95	14	14,428.00
Level 96	14	14,428.00
Level 97	14	14,428.00
Level 98	14	14,428.00
Level 99	14	14,428.00
Level 100	14	14,428.00

Units by Floor

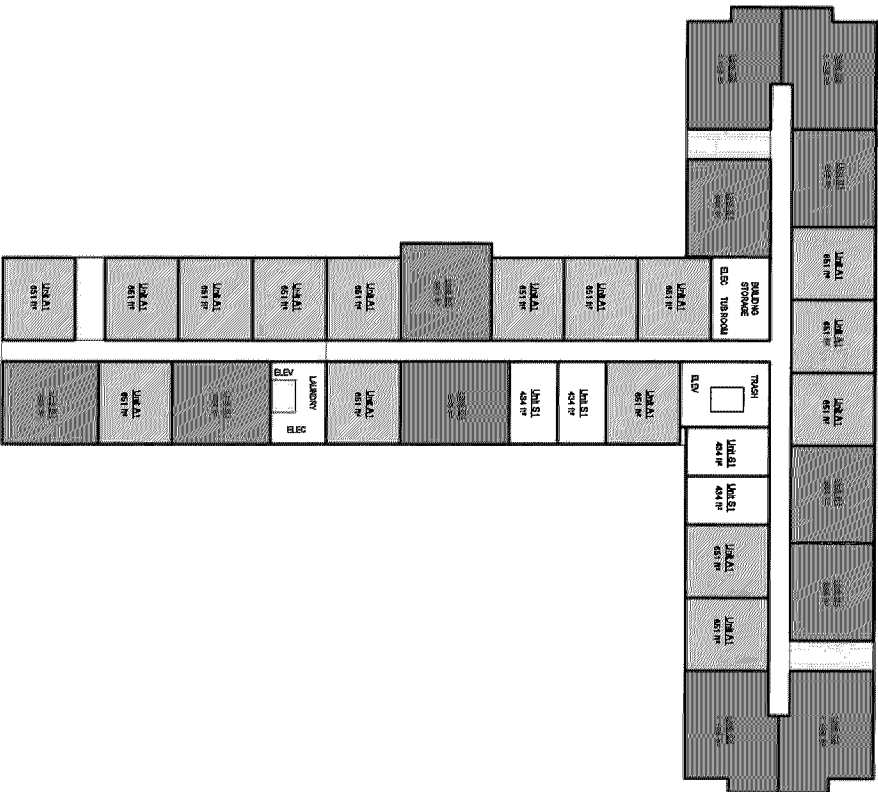
Floor	Count	Area
Level 1	14	14,428.00
Level 2	14	14,428.00
Level 3	14	14,428.00
Level 4	14	14,428.00
Level 5	14	14,428.00
Level 6	14	14,428.00
Level 7	14	14,428.00
Level 8	14	14,428.00
Level 9	14	14,428.00
Level 10	14	14,428.00
Level 11	14	14,428.00
Level 12	14	14,428.00
Level 13	14	14,428.00
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Level 100	14	14,428.00

Total Gross Area

Level 1 - 14,428.00
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Level 96 - 14,428.00
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Level 99 - 14,428.00
Level 100 - 14,428.00



③ Level 3
3rd Floor



④ Level 4
4th Floor



Cyprium

Grand Rapids Senior Living
3rd & 4th Floor

OPPIDAN DEVELOPMENT SUMMARY

Project: Senior Housing
City: Grand Rapids, MN

2/8/2019

Code	Category	Cost	SQFT	Total Cost	Gross Cost	Per SQFT	% of Total
1.0	Land	\$450,000					
	Land Cost	\$25,000					
	Legal Fees & Acquisition	\$425,000					
2.0	Site Work						
	General Site Work	\$808,396					
	TIF Allocation	\$0					
	Totals	\$808,396					
3.0	Building Costs	\$136,529					
	Sr. Housing	\$16,246,987					
	Add Alternates	\$742,380					
	Contingency	\$350,000					
	Totals	\$17,339,367					
4.0	Tenant Improvements	\$0.00					
	Sr. Housing	\$0					
	Totals	\$0					
5.0	Financing Costs	\$99,571					
	Title Ins./Mortg. Registration	\$221,268					
	Financing Costs	\$25,000					
	Legal - Borrower	\$25,000					
	Legal - Lender	\$15,000					
	Appraisal	\$7,500					
	Inspecting Architect	\$25,000					
	Insurance	\$25,000					
	Miscellaneous Closing Costs	\$25,000					
	Totals	\$443,339					
6.0	Interest Schedule	\$3,599,435					
	Interest Carry Costs	\$3,599,435					
	Totals	\$3,599,435					
7.0	Leasing & Marketing	\$491,473					
	Pre-Opening Loss from Ops	\$752,502					
	Year 1 Loss from Ops	\$809,200					
	FF&E	\$858,030					
	Movables	\$858,030					
	Totals	\$2,911,205					
8.0	Technical Assistance	\$464,200					
	Architect & Structural	\$58,025					
	Civil Engineer	\$25,000					
	Environmental Reports	\$20,000					
	Geo-Tech Report	\$6,900					
	LHB Inspection Report	\$3,000					
	ALTA Survey	\$3,000					
	Special Testing	\$5,000					
	Totals	\$582,125					
9.0	Deductions	\$0					
	SAC/WAC	\$0					
	Insurance	\$15,000					
	City Application Costs	\$15,000					
	Miscellaneous Deductions	\$5,000					
	City Review Fees	\$15,000					
	Real Estate Taxes	\$25,000					
	OxBlue Camera	\$20,000					
	Watershed	\$17,500					
	Totals	\$112,500					
10.0	Developer's Fees	\$750,000					
	Oppidan Fee	\$750,000					
	Totals	\$750,000					
11.0	Contingency	\$500,000					
	Project Contingency	\$500,000					
	Totals	\$500,000					
12.0	Rental Income	\$0					
	Rental Income	\$0					
	Totals	\$0					
	Project Totals	\$27,521,367					
	Equity Requirement	(\$5,394,567)					
	Totals	(\$5,394,567)					
	Net Bank Loan	\$22,126,800					
	Bank Interest Rate	6.00%					
	Rent Constant	7.17%					
	Total Project Costs	\$27,521,367					
	Avg. Rent/Unit	(\$5,394,567)					
	Land Acreage	\$22,126,800					
	Annual Rent	\$1,973,401					
	Sr. Housing	\$16,583					
	# of Units	119					
	Gross Cost	\$1,973,401					
	Per SQFT	3.83					
	% of Total						

Deal Category

Project Category



BLANDIN
RESERVOIR

NORTHERN PARCEL AREA
+/- 9.2 ACRES

SOUTHERN PARCEL AREA
+/- 6.4 ACRES

PROPOSED DEVELOPMENT

GRAND ITASCA
CLINIC & HOSPITAL
PARCEL: 91-030-1102

GRAND ITASCA SOUTH ENTRANCE

ROBERT D. HAUFF &
SHARON L. TRUSTEES
PARCEL: 91-030-1204

ROBERT D. HAUFF &
SHARON L. TRUSTEES
PARCEL: 91-030-1101

GOLF COURSE ROAD

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PHONE: 218.322.4500
21 NE 5TH ST STE 200
GRAND RAPIDS, MN 55744
www.sehinc.com

FILE NO.
OPPID 148411

DATE:
1/25/2019

PARCEL 91-030-1102
PROPOSED WEST AREAS
PRELIMINARY SITE WORK
GRAND RAPIDS, MN

EXHIBIT
NO. 1





Part 7 – Public Purpose Narrative

The Pillars of Grand Rapids development will serve as as a wonderful home for the seniors of the Grand Rapids area and surrounding communities. The number of baby boomers growing into the senior population is astounding, and that rate will only continue to grow over the next twenty years.

While seniors are currently being accommodated as it relates to senior housing in the Grand Rapids area demand is growing as are waitlists at existing communities. As this continues, the current supply will be unmanageable as it relates to the escalating rate of maturing seniors.

This proposed community will be managed by Ebenezer who is very enthused about operating in this community and is highly confident in the success of this community for the Grand Rapids residents. Ebenezer is owned by Fairview Hospitals as is Grand Itasca so the partnering of services for our seniors will be second to none.

Not only will Grand Rapids Senior Living be a great option for seniors but also a comforting solution for children of aging parents in the community. It is very typical for the “adult daughter” to be the one assisting parents in make this transitional living decision and being able to have mom and dad nearby is a great comfort and convenience for busy families.

Part 8 – Sources and Uses of Funds – Additional Information

See attached.

	Land Cost		\$450,000		
	Legal Fees & Acquisition		\$25,000		
	Totals		\$475,000	\$3,992	1.7%
2.0	Site Work				
	General Site Work		\$808,396		
	TIF Allocation		\$0		
	Totals		\$808,396	\$6,793	2.9%
3.0	Building Costs				
	Sr. Housing	\$136,529	\$16,246,987		
	Add Alternates		\$742,380		
	Contingency		\$350,000		
	Totals		\$17,339,367	\$145,709	63.0%
4.0	Tenant Improvements				
	Sr. Housing	\$0.00	\$0		
	Totals		\$0	\$0	0.0%
5.0	Financing Costs				
	Title Ins./Mortg. Registration		\$99,571		
	Financing Costs		\$221,268		
	Legal - Borrower		\$25,000		
	Legal - Lender		\$15,000		
	Appraisal		\$7,500		
	Inspecting Architect		\$25,000		
	Insurance		\$25,000		
	Miscellaneous Closing Costs		\$25,000		
	Totals		\$443,339	\$3,726	1.6%
6.0	Interest Schedule				
	Interest Carry Costs		\$3,599,435		
	Totals		\$3,599,435	\$30,247	13.1%
7.0	Leasing & Marketing				
	Pre-Opening Loss from Ops		\$491,473		
	Year 1 Loss from Ops		\$752,502		
	FF&E		\$809,200		
	Movables		\$858,030		
	Totals		\$2,911,205	\$24,464	10.6%
8.0	Technical Assistance				
	Architect & Structural		\$464,200	x	
	Civil Engineer		\$58,025	x	
	Environmental Reports		\$25,000		
	Geo-Tech Report		\$20,000		
	LHB Inspection Report		\$6,900		
	ALTA Survey		\$3,000		
	Special Testing		\$5,000		
	Totals		\$582,125	\$4,892	2.1%
9.0	Dedications				
	SAC/WAC		\$0	x	
	Insurance		\$15,000		
	City Application Costs		\$15,000		
	Miscellaneous Dedications		\$5,000		
	City Review Fees		\$15,000		
	Real Estate Taxes		\$25,000		
	OxBlue Camera		\$20,000		
	Watershed		\$17,500		
	Totals		\$112,500	\$945	0.4%
10.0	Developer's Fees				
	Oppidan Fee		\$750,000		
	Totals		\$750,000	\$6,303	2.7%



**MODIFICATION TO THE DEVELOPMENT
PROGRAM
GREDA Development District**

- AND -

**TAX INCREMENT FINANCING PLAN
Establishment of Tax Increment Financing District No. 1-12:
The Pillars of Grand Rapids
(a housing district)**

Grand Rapids Economic Development Authority
City of Grand Rapids, Itasca County, Minnesota

Public Hearing: December 9, 2019



CITY OF
GRAND RAPIDS
IT'S IN MINNESOTA'S NATURE



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Modification to the Development Program for GREDA Development District

Foreword

The following text represents a Modification to the Development Program for the GREDA Development District. This modification represents a continuation of the goals and objectives set forth in the Development Program for the GREDA Development District. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 1-12: The Pillars of Grand Rapids.

For further information, a review of the Development Program for GREDA Development District, is recommended. It is available from the Community Development Director at the City of Grand Rapids. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within the GREDA Development District.

Tax Increment Financing Plan for Tax Increment Financing District No. 1-12: The Pillars of Grand Rapids

Foreword

The Grand Rapids Economic Development Authority (the "EDA"), the City of Grand Rapids (the "City"), staff and consultants have prepared the following information to expedite the establishment of Tax Increment Financing District No. 1-12: The Pillars of Grand Rapids (the "District"), a housing tax increment financing district, located in the GREDA Development District.

Statutory Authority

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the EDA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.090 - 469.1082*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Development Program for the GREDA Development District.

Statement of Objectives

The District currently consists of one parcel of land and adjacent and internal rights-of-way. The District is being created to facilitate the development of 118 units of senior rental housing, one guest unit and underground parking in the City. At least 20 percent of the units will be affordable to persons at or below 50 percent of area median income. The EDA anticipates entering into an agreement with Oppidan as the developer. Development is anticipated to begin in the Spring of 2020 and be completed by 2022. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for GREDA Development District.

The activities contemplated in the Modification to the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of the GREDA Development District and the District.

Development Program Overview

Pursuant to the Development Program and authorizing state statutes, the EDA or City is authorized to undertake the following activities in the District:

1. Property to be Acquired - Selected property located within the District may be acquired by the EDA or City and is further described in this TIF Plan.

2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.
3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the EDA or City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. The EDA or City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

Description of Property in the District and Property to be Acquired

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed below.

Parcel number	Address	Owner
91-030-1102	1601 Golf Course Rd.	Grand Itasca Clinic & Hospital

Please also see the map in Appendix A for further information on the location of the District.

The EDA or City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the EDA or City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. The EDA or City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

Classification of the District

The EDA and City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, find that the District, to be established, is a housing district pursuant to *M.S., Section 469.174, Subd. 11 and M.S., Section 469.1761*.

- The District consists of one parcel
- The development will consist of 118 units of senior housing and one guest unit
- 20% of the units will be occupied by person with incomes less than 50% of median income
- No more than 20 percent of the square footage of the building that is receiving assistance from tax increment consists of commercial, retail or other non-residential uses.

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111, 273.112, or 273.114* or *Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

Duration and First Year of Tax Increment of the District

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by the EDA or City (a total of 26 years of tax increment). The EDA or City elects to receive the first tax increment in 2022, which is no later than four years following the year of approval of the District.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2047, or when the TIF Plan is satisfied. The EDA or City reserve the right to decertify the District prior to the legally required date.

Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2019 for taxes payable 2020.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2021) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the district;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured, and no tax increment will be payable to the EDA or City.

The original local tax rate for the District will be the local tax rate for taxes payable 2019, assuming the request for certification is made before June 30, 2020. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within GREDA Development District, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The EDA and City request 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2022. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity	
Project estimated Tax Capacity upon completion	\$330,702
Original estimated Net Tax Capacity	\$906
<u>Fiscal Disparities</u>	<u>\$0</u>
Estimated Captured Tax Capacity	\$329,796
Original Local Tax Rate	171.2210% Pay 2019
Estimated Annual Tax Increment	\$564,680
Percent Retained by the City	100%

Note: Tax capacity includes a 2.00% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 25. The tax capacity of the District in year one is estimated to be \$154,204.

Pursuant to *M.S., Section 469.177, Subd. 4*, the EDA shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City has reviewed the area to be included in the District and found no parcels for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

Sources of Revenue/Bonds to be Issued

The total estimated tax increment revenues for the District are shown in the table below:

SOURCES	
Tax Increment	11,458,185
<u>Interest</u>	<u>1,145,818</u>
TOTAL	12,604,003

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The EDA or City reserves the right to incur bonds or other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by pay-as-you-go notes and interfund loans. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the EDA or City to incur debt. The EDA or City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The EDA or City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of \$7,595,149. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund

loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

Uses of Funds

Currently under consideration for the District is a proposal to facilitate the development of 119 units of senior rental housing. The EDA and City have determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described.

The EDA has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

USES	
Land/Building Acquisition	500,000
Site Improvements/Preparation	2,000,000
Affordable Housing	1,000,000
Utilities	75,000
Other Qualifying Improvements	2,874,331
<u>Administrative Costs (up to 10%)</u>	<u>1,145,818</u>
PROJECT COSTS TOTAL	7,595,149
<u>Interest</u>	<u>5,008,854</u>
PROJECT AND INTEREST COSTS TOTAL	12,604,004

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in the Sources of Revenue section.

Estimated costs associated with the District are subject to change among categories without a modification to this TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. The EDA may expend funds for qualified housing activities outside of the District boundaries.

Estimated Impact on Other Taxing Jurisdictions

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the EDA or City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

Impact on Tax Base			
Entity	2018/Pay 2019 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
Itasca County	59,983,196	204,698	0.3413%
Grand Rapids	8,441,351	204,698	2.4249%
ISD No. 318	42,214,637	204,698	0.4849%

Impact on Tax Rates				
Entity	Pay 2019 Extension Rate	Percent of Total	CTC	Potential Taxes
Itasca County	64.8440%	37.87%	329,796	213,853
Grand Rapids	82.1950%	48.01%	329,796	271,076
ISD No. 318	24.1820%	14.12%	329,796	79,751
Other	0.0000%	0.00%	329,796	0
Total	171.2210%	100.00%		564,680

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2019 rate. The total net capacity for the entities listed above are based on Pay 2019 figures. The District will be certified under the Pay 2020 rates, which were unavailable at the time this TIF Plan was prepared.

Pursuant to *M.S. Section 469.175 Subd. 2(b)*:

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$11,458,185;
- (2) Probable impact of the District on city provided services and ability to issue debt. A minimal impact of the District on police protection is expected. With any addition of new residents or businesses, police calls for service will be increased; it is estimated to be an additional 20 calls per year. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The probable impact of the District on fire protection is not expected to be significant. Typically, new buildings generate few calls, if any, and are of superior construction. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. A portion of the street and utility improvements are being installed by the City and assessed to the development property, and the developer will be installing the remaining street and utility improvements. Based on the development plans, there are

no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks.

The probable impact of any District general obligation tax increment bonds on the ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$1,618,270;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$4,339,389;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

Supporting Documentation

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District.

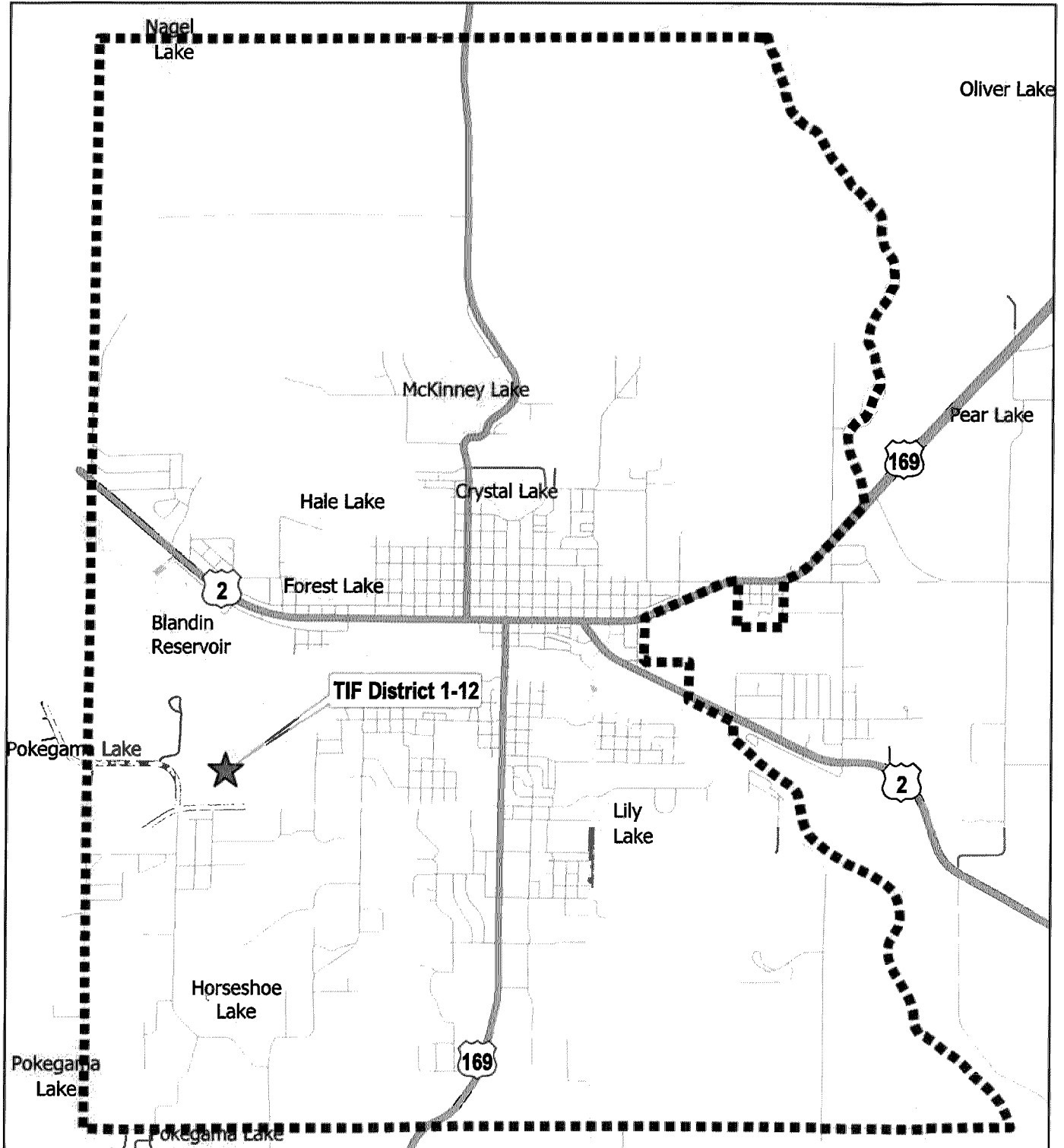
- (i) In making said determination, reliance has been placed upon (1) written representation made by the developer to such effects, (2) review of the developer's proforma; and (3) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in the City Council resolution approving the establishment of the TIF District and Appendix C.
- (ii) A comparative analysis of estimated market value both with and without establishment of the TIF District and the use of tax increments has been performed. Such analysis is included with the cashflow in Appendix B and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the TIF District and the use of tax increments.

Administration of the District

Administration of the District will be handled by the Community Development Director.

Appendix A: Map of GREDA Development District and the TIF District

Map of GREDA Development District



Legend

 City Limits/GREDA Development District

0 0.2 0.4 0.8 1.2 1.6 Miles



Appendix B: Estimated Cash Flow for the District



Pillars of Grand Rapids - No Inflation
City of Grand Rapids, MN

119 units of senior housing

ASSUMPTIONS AND RATES

District Type: Housing
District Name/Number: TBD
County District #: TBD
First Year Construction or Inflation on Value: 2020
Existing District - Specify No. Years Remaining: 2020
Inflation Rate - Every Year: 2.00%
Interest Rate: 4.75%
Present Value Date: 1-Feb-21
First Period Ending: 1-Aug-21
Tax Year District was Certified: Pay 2020
Cashflow Assumes First Tax Increment For Development: 2022
Years of Tax Increment: 26
Assumes Last Year of Tax Increment: 2047
Fiscal Disparities Election (Outside (A), Inside (B), or NA): NA
Incremental or Total Fiscal Disparities: NA
Fiscal Disparities Contribution Ratio: NA
Fiscal Disparities Metro-Wide Tax Rate: NA
Maximum/Frozen Local Tax Rate: 171.221% Pay 2019
Current Local Tax Rate: (Use lesser of Current or Max.): 171.221% Pay 2019
State-wide Tax Rate (Comm./Ind. only used for total taxes): 42.4160% Pay 2019
Market Value Tax Rate (Used for total taxes): 0.23077% Pay 2019

Tax Rates	
Exempt Class Rate (Exempt)	0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)	
First \$150,000	1.50%
Over \$150,000	2.00%
Commercial Industrial Class Rate (C/I)	2.00%
Rental Housing Class Rate (Rental)	1.25%
Affordable Rental Housing Class Rate (Aff. Rental)	
First \$150,000	0.75%
Over \$150,000	0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)	
First \$500,000	1.00%
Over \$500,000	1.25%
Homestead Residential Class Rate (Hmstd. Res.)	
First \$500,000	1.00%
Over \$500,000	1.25%
Agricultural Non-Homestead	1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage of Value Used for District	Tax Year		Property Tax Class	Current Original Tax Capacity	Class After Conversion		Area/Phase
								Market Value	Pay 2020			Exempt	Conversion	
1	91-030-1102	Gid Ibaess Clinic Hosp	1601 Golf Course Rd.	72,500	72,500	72,500	100%			Exempt	0	Rental	906	1
														906

Note:

1. Base values are for pay 2019 based as provided by the County Assessor in an email dated 2.28.2019.



Pillars of Grand Rapids - No Inflation
 City of Grand Rapids, MN
 119 units of senior housing

PROJECT INFORMATION (Project Tax Capacity)												
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2020	Percentage Completed 2021	Percentage Completed 2023	First Year Full Taxes Payable
1	Senior Housing	138,222	138,222	119	16,448,379	Rental	205,605	1,728	75%	100%	100%	2023
TOTAL				119	16,448,379		205,605					
Subtotal Residential												
Subtotal Commercial/Ind.												

Note:

1. Market values are based on estimates provided by the County Assessor in an email dated 2.28.2019.

TAX CALCULATIONS

	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
New Use Senior Housing	205,605	0	205,605	352,038	0	0	37,958	389,996	3,277.28
TOTAL	205,605	0	205,605	352,038	0	0	37,958	389,996	3,277.28

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?

Total Property Taxes	389,996
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(37,958)
less Base Value Taxes	(1,552)
Annual Gross TIF	350,487

MARKET VALUE BUT / FOR ANALYSIS

Current Market Value - Est.	72,500
New Market Value - Est.	16,448,379
Difference	16,375,879
Present Value of Tax Increment	5,914,082
Difference	10,461,797
Value likely to occur without Tax Increment is less than:	10,461,797



Pillars of Grand Rapids - No Inflation
City of Grand Rapids, MN
119 units of senior housing

% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities NA	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.35%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
100%	154,204	(906)	-	153,297	171.221%	262,477	131,239	(472)	(13,077)	117,690	109,687	0.5	2022	08/01/22
100%	205,605	(906)	-	204,698	171.221%	350,487	175,243	(631)	(17,461)	157,151	216,830	1	2022	08/01/22
100%	208,717	(906)	-	208,811	171.221%	357,528	178,764	(644)	(17,812)	160,308	366,579	1.5	2023	08/01/23
100%	213,911	(906)	-	213,005	171.221%	364,709	182,355	(656)	(18,170)	163,528	493,086	2	2023	08/01/24
100%	218,189	(906)	-	217,283	171.221%	372,034	186,017	(670)	(18,535)	166,813	629,104	2.5	2024	08/01/24
100%	222,553	(906)	-	221,647	171.221%	379,506	189,753	(683)	(18,907)	170,163	761,967	3	2024	08/01/25
100%	227,004	(906)	-	226,098	171.221%	387,127	193,564	(697)	(19,287)	173,580	894,355	3.5	2025	08/01/25
100%	231,544	(906)	-	230,638	171.221%	394,901	197,450	(711)	(19,674)	177,086	1,023,671	4	2025	08/01/26
100%	236,175	(906)	-	235,269	171.221%	402,630	201,415	(725)	(20,069)	180,621	1,152,525	4.5	2026	08/01/26
100%	240,889	(906)	-	239,982	171.221%	410,918	205,459	(740)	(20,472)	184,247	1,278,389	5	2026	08/01/27
100%	245,717	(906)	-	244,810	171.221%	419,167	209,583	(755)	(20,883)	187,946	1,403,803	5.5	2027	08/01/27
100%	250,631	(906)	-	249,725	171.221%	427,581	213,791	(770)	(21,302)	191,719	1,526,307	6	2027	08/01/28
100%	255,644	(906)	-	254,737	171.221%	436,164	218,082	(785)	(21,730)	195,567	1,648,372	6.5	2028	08/01/28
100%	260,757	(906)	-	259,850	171.221%	444,918	222,459	(801)	(22,166)	199,482	1,767,605	7	2028	08/01/29
100%	265,972	(906)	-	265,065	171.221%	453,848	226,924	(817)	(22,611)	203,496	1,886,411	7.5	2029	08/01/29
100%	271,291	(906)	-	270,385	171.221%	462,956	231,478	(833)	(23,064)	207,580	2,002,460	8	2029	08/01/30
100%	276,717	(906)	-	275,811	171.221%	472,246	236,123	(850)	(23,527)	211,746	2,118,094	8.5	2030	08/01/30
100%	282,251	(906)	-	281,345	171.221%	481,722	240,861	(867)	(23,999)	215,994	2,231,045	9	2030	08/01/31
100%	287,896	(906)	-	286,990	171.221%	491,387	245,684	(884)	(24,481)	220,328	2,343,590	9.5	2031	08/01/31
100%	293,654	(906)	-	292,748	171.221%	501,246	250,523	(902)	(24,972)	224,749	2,453,525	10	2031	08/01/32
100%	299,527	(906)	-	298,621	171.221%	511,302	255,651	(920)	(25,473)	229,288	2,563,065	10.5	2032	08/01/32
100%	305,518	(906)	-	304,612	171.221%	521,559	260,779	(939)	(25,984)	233,857	2,670,084	11	2032	08/01/33
100%	311,628	(906)	-	310,722	171.221%	532,021	266,011	(958)	(26,505)	238,548	2,776,879	11.5	2033	08/01/33
100%	317,861	(906)	-	316,954	171.221%	542,693	271,346	(977)	(27,037)	243,333	2,880,820	12	2033	08/01/34
100%	324,218	(906)	-	323,312	171.221%	553,578	276,789	(996)	(27,579)	248,213	2,984,587	12.5	2034	08/01/34
100%	330,702	(906)	-	329,796	171.221%	564,680	282,340	(1,016)	(28,132)	253,191	3,085,947	13	2034	08/01/35
	Total			Present Value From 02/01/2021	Present Value Rate	5,814,082	6,303,512	(21,291)	(689,279)	16,372,366	5,303,512	26	2047	02/01/46

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 1-12: The Pillars of Grand Rapids, as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that Tax Increment Financing District No. 1-12 is a housing district as defined in M.S., Section 469.174, Subd. 11.*

Tax Increment Financing District No. 1-12 consists of one parcel. The development will consist of 118 units of senior housing and one guest unit, a portion of which will receive tax increment assistance and will meet income restrictions described in M.S. 469.1761. At least 20 percent of the units receiving assistance will have incomes at or below 50 percent of area median income.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.*

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: This finding is supported by the fact that the development proposed in this plan is a housing district that meets the City's objectives for development and redevelopment, and the development proposed in this plan contains affordable housing units. The cost of site and public improvements and construction makes this housing development infeasible without City assistance. The cost of construction is the same for affordable housing units as it is for market rate projects. The decreased rental income from the affordable units, means there is less cash flow available to service the operating and debt expenses for the project. This leaves a gap in funding for the project. The amount of the gap has been verified by the City and EDA's consultant. The need to offset this reduction in rents for the affordable units makes this housing development feasible only through assistance, in part, from tax increment financing. The developer was asked for and provided a letter and a pro forma as justification that the project would not have gone forward without tax increment assistance.

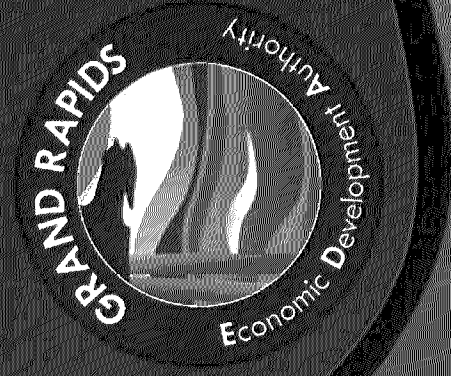
The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan: This finding is justified on the grounds that the costs of site improvements, utility improvements and construction of affordable housing add to the total development cost. Historically, the costs of site and public improvements, as well as high market rate rents in the City have made development of affordable housing infeasible without tax increment assistance. Although other projects could potentially be proposed, the EDA and City reasonably determine that no other development of similar scope providing the desired affordability can be anticipated on this site without substantially similar assistance being provided to the development.

3. *Finding that the TIF Plan for Tax Increment Financing District No. 1-12 conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The City Council reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for Tax Increment Financing District No. 1-12 afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the GREDA Development District by private enterprise.*

Through the implementation of the TIF Plan, the City will provide an impetus for residential development, which is desirable or necessary for increased population and an increased need for life-cycle housing within the City.

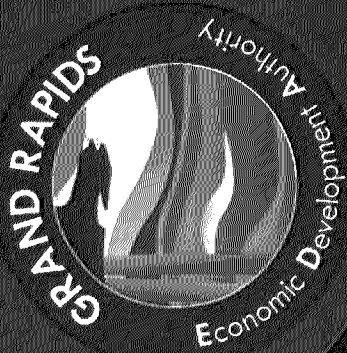


**Tax Increment Finance (TIF)
Housing District 1-12**

Oppidan Inc.

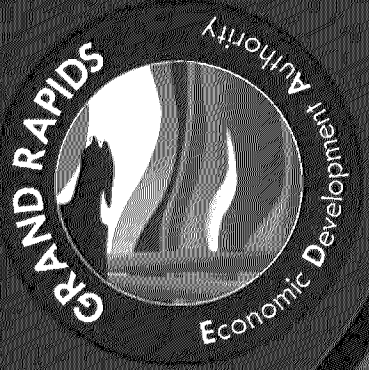
The Pillars of Grand Rapids Senior Housing

November 14, 2019



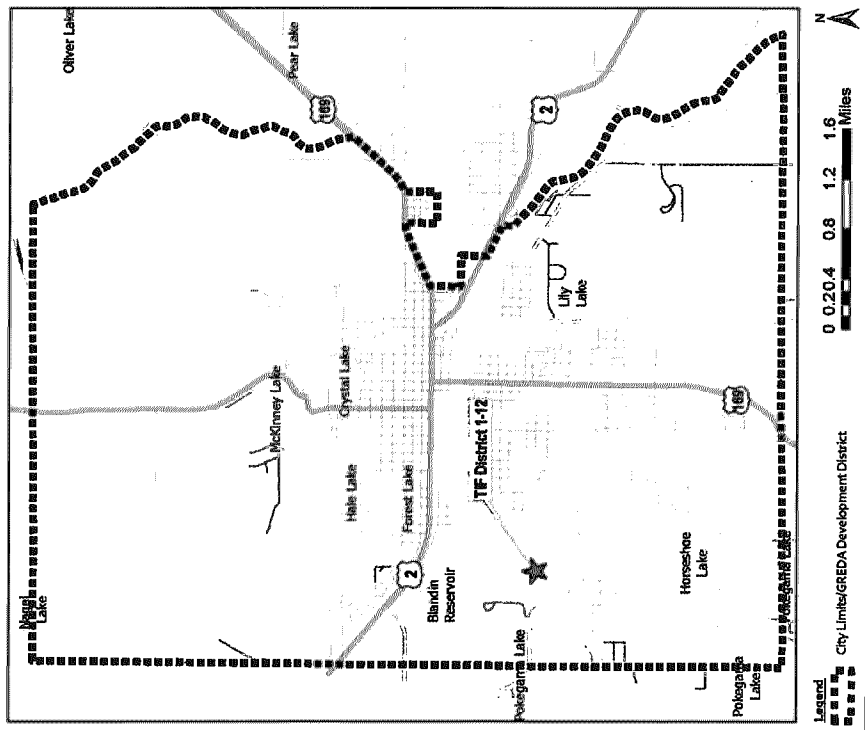
Project Background

- **Oppidan Inc. of Excelsior, MN (Developer) filed an application for TIF Business Assistance on February 8th of this year requesting Tax Increment Financing (TIF) in the amount of \$4,000,000.**
- **Project Scope – The Developer’s application detailed a proposal for the construction of a 119-unit senior housing development, with underground parking, consisting of: 68 independent senior apartments, 30 assisted living, 20 memory care and 1 guest unit. Ebenezer Management Services is proposed to be the contracted operator of the facility.**
- **Project Timeline and Cost - The project is proposed to begin in the spring of 2020. The estimated total development cost is approximately \$27 million.**
- **Project Location – The project is proposed to be located on a 6-acre portion of Parcel No. 91-030-1102, which is owned by Grand Itasca Clinic and Hospital. In exchange for the site, Grand Itasca will become a co-owner of the development. The proposed project would be accessed through an extension of 8th St. SW from the plat of Great River Acres.**

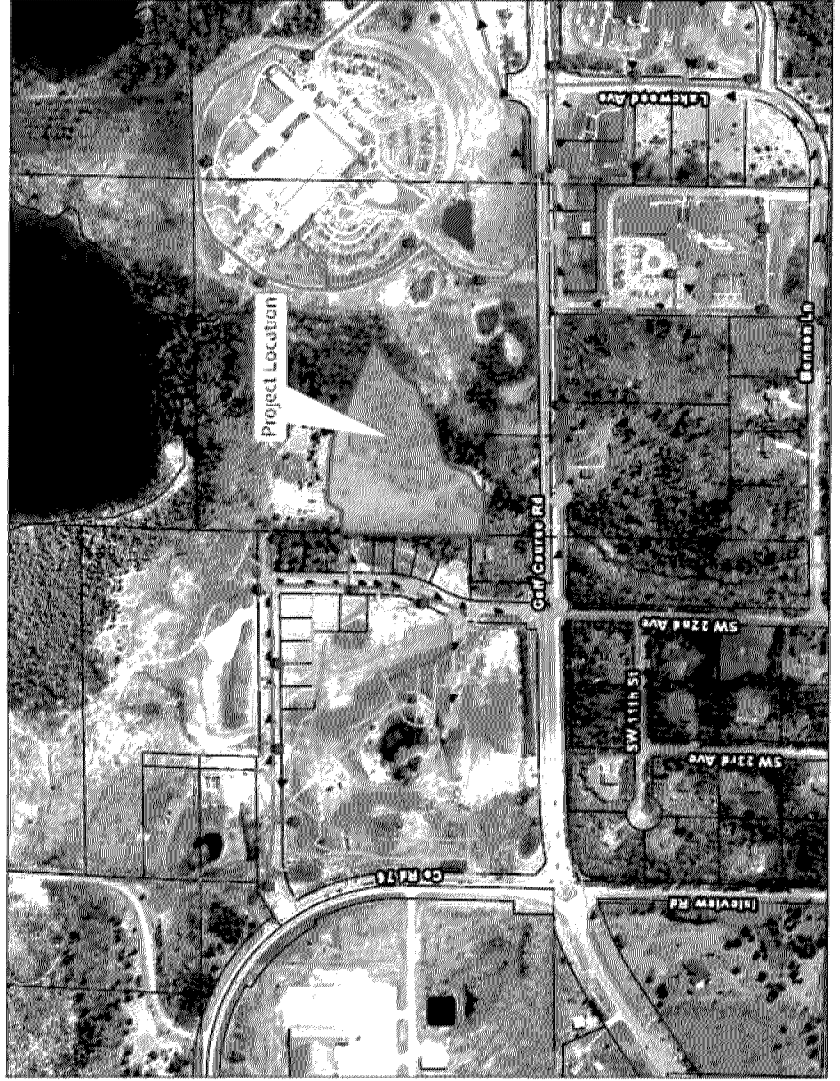
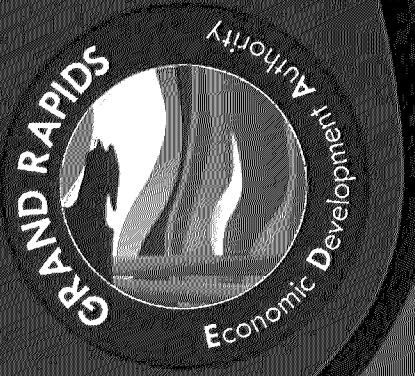


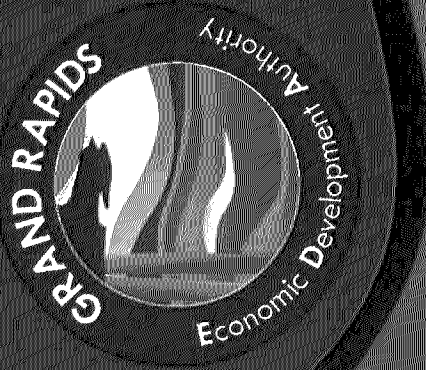
Project Background

Map of GREDA Development District

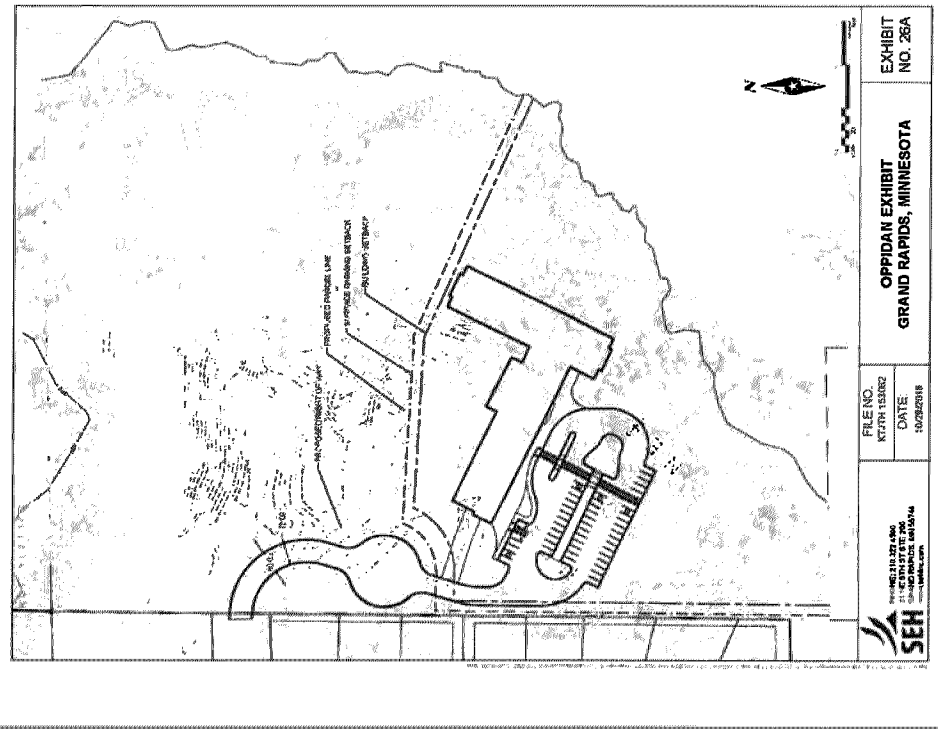


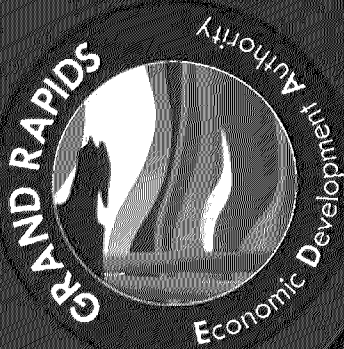
Project Background





Project Background

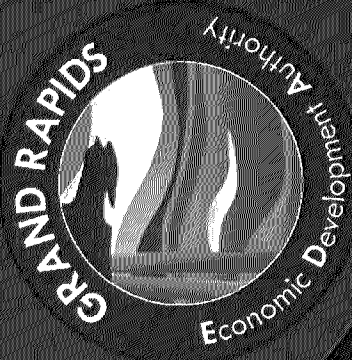




Project Background

Project Sources and Uses:

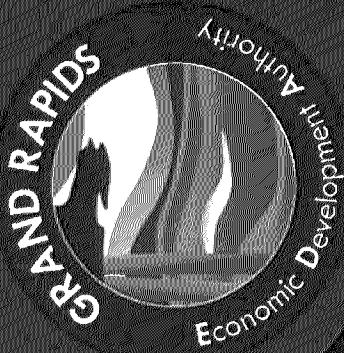
Sources/Revenue:		Uses/Development Costs:	
First Mortgage	\$17,327,400	Site Acquisition	\$475,000
Equity	\$9,311,300	Construction Costs	\$18,330,700
		Professional Services	\$2,329,300
		Financing Costs	\$3,407,800
		Development Fee	\$750,000
		Cash Accounts/Escrows/Reserves	\$1,345,900
Total:	\$26,638,700	Total:	\$26,638,700



Project Background

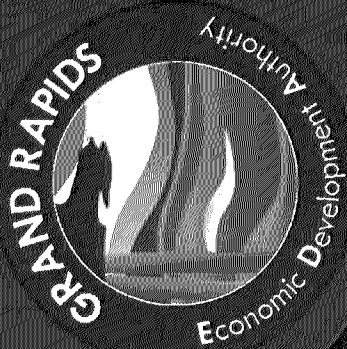
Current and Future Assessed Value Estimate:

	Current (Itasca County Assessor)	Future (Itasca County Assessor)
Land Value (6.4 acres)	\$72,500	\$331,800
Building Value	\$0	\$16,116,579
Total Value	\$72,500	\$16,448,379
Annual Property Taxes (Pay 2019 Rate)	\$1,552	\$389,996



TIF Business Assistance

- **The proposed TIF district would be a Housing District**
 - Consistent with the TIF Act, 20% of the total number of units will be affordable to persons with incomes at or below 50% of the area median income.
- **The Public Purpose objectives, within the City's business assistance policies, which align with this project are:**
 - To create housing opportunities for senior and low to moderate income families.
 - To provide a diversity of housing adjacent to cultural, recreational, economic, natural, education and transportation systems.
 - To accomplish other public policies consistent with the Comprehensive Plan, such as; to Provide for Lifecycle Housing
- **In Minnesota, TIF can be used for two purposes:**
 - To finance public infrastructure that is related to the development, or
 - To induce or cause a development or redevelopment that otherwise would not occur. (The economics of the development won't work without the assistance, for reasons such as; added cost of building acquisition and removal, development costs won't allow for affordable rents, added cost of site cleanup, etc.)

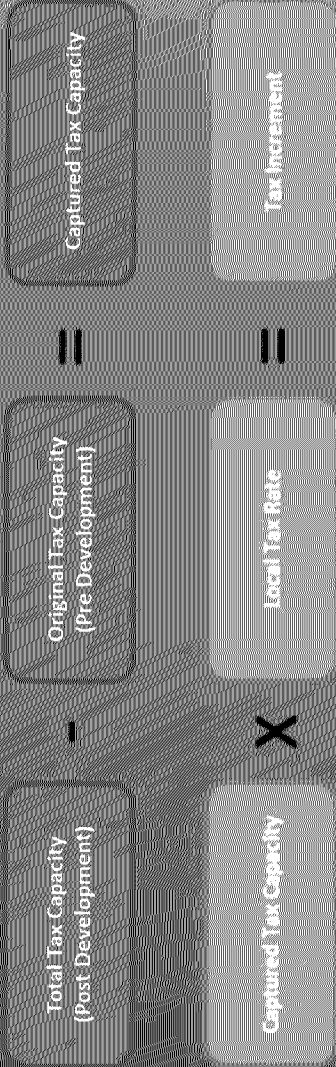


TIF Business Assistance

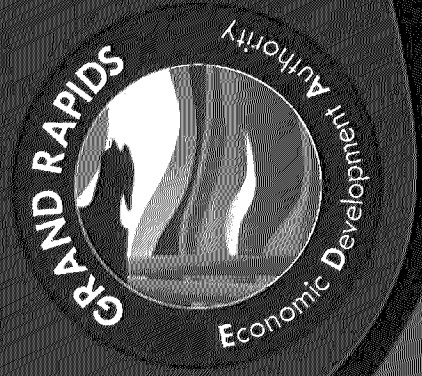
TIF But-for Test

- Under Minnesota statute, before a City can establish a TIF district for a project, the developer must demonstrate and the City must verify that, but-for the use of TIF, the project would not occur in the foreseeable future.

TIF Basics:

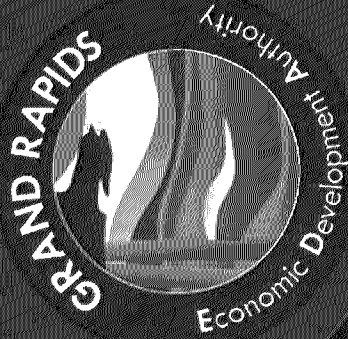


- Important to note that the property taxes collected currently are still received and retained by the City during the term of the TIF
- Only the increase in taxes resulting from the new development (increment) is delayed until the TIF commitment is satisfied.
- Upon that satisfaction, all property taxes resume full distribution to the taxing entities.



TIF Business Assistance

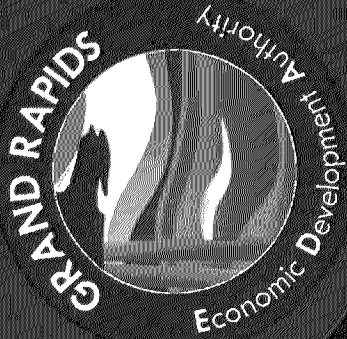
- **TIF Need Analysis** – the City’s fiscal consultant Ehlers has analyzed and evaluated the Developer’s updated project budget and pro forma based upon industry standards and market ranges for rate of return, as well as development costs and revenues.
- Based upon that analysis, it was determined that TIF assistance in the amount of **\$1,386,000** over the first eight years is required to achieve a reasonable return on investment of **10%** for this project.
- In addition, TIF assistance will be required to pay for the estimated **\$365,833** of public infrastructure needed to serve the project, bringing the **total amount of TIF need to \$1,751,833.**
- It is proposed that the TIF Development Agreement between the Developer and the City contain a “Look-back” provision that would re-evaluate the final amount of TIF assistance once the project is constructed. The final amount of TIF would not exceed **\$1,751,833** but may be reduced based on actual development costs, first mortgage amounts and terms, and initial rents. This will ensure that the Developer does not receive more TIF assistance than is needed to make the project feasible.



TIF Business Assistance

• **When approving a TIF Plan, the City Council must find (among other things) that:**

- The proposed development would not reasonably be expected to occur solely through private investment in the reasonably foreseeable future; and
 - The increased market value of the site that could reasonably be expected to occur without the use of TIF would be less than the increase estimated to result from the proposed development.
- **The Draft Resolution, TIF Plan and its Appendix C address these required findings and describe the basis of the determined need for this public assistance in furthering the public purposes of: creating housing opportunities for senior and low to moderate income families, providing a diversity of life cycle housing adjacent to cultural, recreational, economic, natural, education and transportation systems, and to improve the tax base and to improve the general economy.**
- **The proposed TIF involves pay-as-you-go financing, which means the developer will pay the costs of creating the improvements with their funds, and the increments, as they are generated by the new development, will be used to reimburse the developer for these costs over time.**
- **Redevelopment districts have a maximum duration of 26 years. It is projected that, at full development, the principal amount of the TIF obligation, assuming an interest rate of 4.75%, will be fully funded in approximately 8 years.**

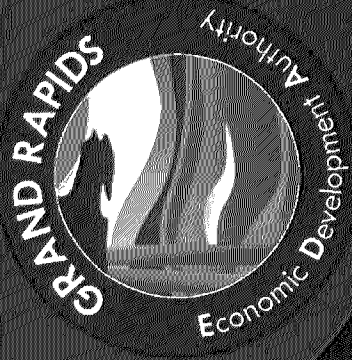


Process

At this meeting, GREDA will review the application and consider adoption of a resolution supporting a modification to the Development Program for the City's Development District No. 1, establishing TIF District 1-12 therein and adopting a TIF Plan therefore

The City Council will hold a public hearing on December 16, 2019 to consider this request for TIF Business Assistance. Actions that will be considered immediately following the Public Hearing will include:

- 1. Adoption of a resolution approving the establishment of TIF District No. 1-12 and approving the TIF Plan for the District.**
- 2. Adoption of a resolution approving the Contract for Private Redevelopment with Oppidan Inc. and awarding the sale of, and providing the form, terms, covenants and directions for the issuance of its tax increment revenue note.**



Questions?

