

CITY OF GRAND RAPIDS

*NOTICE OF MEETING
PLANNING COMMISSION*



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

Meeting Agenda Full Detail

Thursday, June 6, 2013

4:00 PM

Council Chambers

Planning Commission

**COUNCIL CHAMBERS
CITY HALL - 420 N. Pokegama Ave.
Grand Rapids, MN 55744**

Call To Order**Call of Roll**

Setting of Agenda - This is an opportunity to approve the regular agenda as presented or add/delete an agenda item by a majority vote of the Commissioners present.

Approval of Minutes

[13-0345](#) Approve the minutes of the May 2, 2013, 4:00 pm regular meeting.

Attachments: [May 2nd, 2013 Planning Commission Minutes](#)

General Business

[13-0346](#) Consider the adoption of a resolution finding the TIF Plan for TIF District 1-9 (Majestic Pines Senior Housing) consistent with the development plans for the City of Grand Rapids.

Attachments: [PC Staff Report- Majestic Pines TIF 6-6-13](#)
[TIF Maps- Majestic Pines](#)
[Majestic Pines TIF 1-9 PC Resolution - 425017v2](#)
[\(DRAFT\) Grand Rapids TIF 1-9 TIF Plan - 425028v1.pdf](#)

Public Input

Individuals may address the Planning Commission about any non public hearing item or any item not included on the Regular Meeting Agenda. Speakers are requested to come to the podium, state their name and address for the record and limit their remarks to three (3) minutes.

Miscellaneous\Updates**Adjourn**

*NEXT REGULAR PLANNING COMMISSION MEETING IS SCHEDULED FOR:
Tuesday, July 9, 2013*



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 13-0345 **Version:** 1 **Name:** Approve the minutes of the May 2, 2013, 4:00 pm regular meeting.
Type: Minutes **Status:** Approved
File created: 5/30/2013 **In control:** Planning Commission
On agenda: 6/6/2013 **Final action:**
Title: Approve the minutes of the May 2, 2013, 4:00 pm regular meeting.
Sponsors:
Indexes:
Code sections:
Attachments: [May 2nd, 2013 Planning Commission Minutes](#)

Date	Ver.	Action By	Action	Result
6/6/2013	1	Planning Commission	Approved as Presented by Commission	

Approve the minutes of the May 2, 2013, 4:00 pm regular meeting.

Background Information:

See attached draft meeting minutes.

Staff Recommendation:

Approve the minutes of the May 2, 2013, 4:00 pm regular meeting.



CITY OF GRAND RAPIDS

NOTICE OF MEETING
PLANNING COMMISSION

Minutes - Final Planning Commission

COUNCIL CHAMBERS
CITY HALL - 420 N. Pokegama Ave.
Grand Rapids, MN 55744

Thursday, May 2, 2013

4:00 PM

Council Chambers

Call To Order

Call of Roll

Present 4 - Commissioner Julie Fedje-Johnston, Commissioner Ron Niemala, Chairperson Michael Twite, and Commissioner Marn Flicker

Absent 3 - Commissioner Lee Anderson, Commissioner Shane McKellep, and Commissioner Mark Gothard

Setting of Agenda - This is an opportunity to approve the regular agenda as presented or add/delete an agenda item by a majority vote of the Commissioners present.

Motion by Commissioner Twite, Second by Commissioner Flicker to strike item 13-0230 conduct a Public Hearing to consider a variance petition submitted by Suzanne Michalik, d.b.a Coin Box. The following voted in favor thereof: Flicker, Twite, Niemala, Fedje-Johnston. Opposed: None, passed unanimously.

Approval of Minutes

Approve the minutes of the April 18, 2013, 4:00 pm (rescheduled from April 4th) regular meeting.

Motion by Commissioner Twite, Second by Commissioner Niemala to approve the minutes of the April 18, 2013 Regular Meeting. The following voted in favor thereof: Niemala, Fedje-Johnston, Twite, Flicker. Opposed: None, passed unanimously.

General Business

Consider a recommendation to the City Council regarding the vacation of a platted alley within the plat of Kearney's 1st. Addition to Grand Rapids.

Community Development Specialist Trast provided the staff report. First Evangelical Lutheran Church submitted a petition requesting the vacation of the following described public right-of-way:

N/S Alley LYG between Lots 1-10 & Lots 11-20, Block 37, Kearney's 1st Addition to Grand Rapids, Itasca County, Minnesota.

Motion by Commissioner Twite, Second by Commissioner Flicker that, based on the findings of fact presented here today, and in the public's best interest, the Planning Commission does hereby forward to the City Council a

recommendation to approve the vacation of public right-of-way described as:

N/S Alley LYG between Lots 1-10 & Lots 11-20, Block 37, Kearney's 1st Addition to Grand Rapids, Itasca County, Minnesota

Contingent on the following stipulation(s):

- A utility easement is retained by the city over the South 270 ft. of the vacated N/S alley, Block 37, Kearney's 1st Addition to Grand Rapids.
- The Petitioner grants a utility easement to the city over the East 20 ft. of Lots 17-20, Block 37, Kearney's 1st Addition to Grand Rapids, and reimburses the Grand Rapids PUC for all expenses associated with relocating the existing infrastructure in that area.
- The Petitioner prepares and records private cross-access easements/agreements with the Manor House property

Commissioner Twite read his considerations for the record.

1. Is the street/alley right-of-way needed for traffic purposes?

No, it is not needed for public traffic purpose, it will be used for private property access.

2. Is the street/alley right-of-way needed for pedestrian purposes?

No, there are sidewalks on both Pokegama Avenue North and 1st Avenue NE.

3. Is the street/alley right-of-way needed for utility purposes?

The City will retain an easement for existing and future utilities over the southern portion of the vacated alley as shown in the application, also a new easement on the northern portion.

4. Would vacating the street/alley right-of-way place additional land on the tax rolls?

Yes, the vacated area becomes taxable property.

5. Would vacating the street/alley right-of-way facilitate economic development in the City?

Not in any quantifiable way, however it improves handicap accessibility for the petitioner's property.

The following voted in favor thereof: Flicker, Twite, Fedje-Johnston, Niemala.
Opposed: None, passed unanimously.

Consider a recommendation to the City Council regarding the final plat of Friesen Addition.

Motion by Commissioner Twite, Second by Commissioner Niemala that the Planning Commission does hereby forward to the City Council a recommendation to approve the final plat of Friesen Addition, contingent upon:

- The execution of the associated Subdivision Agreement.

The following voted in favor thereof: Niemala, Fedje-Johnston, Twite, Flicker.

Opposed: None, passed unanimously.

Public Input

Miscellaneous\Updates

Adjourn

Motion by Commissioner Flicker, Second by Commissioner Twite to adjourn the meeting at 4:25 p.m. The following voted in favor thereof: Flicker, Fedje-Johnston, Twite, Niemala. Opposed: None, passed unanimously.



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 13-0346 **Version:** 1 **Name:** Consider the adoption of a resolution finding the TIF Plan for TIF District 1-9 (Majestic Pines Senior Housing) consistent with the development plans for the City of Grand Rapids.

Type: Agenda Item **Status:** Passed

File created: 5/30/2013 **In control:** Planning Commission

On agenda: 6/6/2013 **Final action:** 6/6/2013

Title: Consider the adoption of a resolution finding the TIF Plan for TIF District 1-9 (Majestic Pines Senior Housing) consistent with the development plans for the City of Grand Rapids.

Sponsors:

Indexes:

Code sections:

Attachments: [PC Staff Report- Majestic Pines TIF 6-6-13](#)
[TIF Maps- Majestic Pines](#)
[Majestic Pines TIF 1-9 PC Resolution - 425017v2](#)
[\(DRAFT\) Grand Rapids TIF 1-9 TIF Plan - 425028v1.pdf](#)

Date	Ver.	Action By	Action	Result
6/6/2013	1	Planning Commission	Approved	

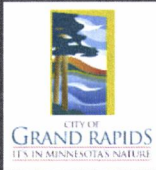
Consider the adoption of a resolution finding the TIF Plan for TIF District 1-9 (Majestic Pines Senior Housing) consistent with the development plans for the City of Grand Rapids.

Background Information:

See attached Staff Report and Background Information.

Staff Recommendation:

Consider the adoption of a resolution finding the TIF Plan for TIF District 1-9 (Majestic Pines Senior Housing) consistent with the development plans for the City of Grand Rapids.



Planning Commission Staff Report

Agenda Item #2	Community Development Department	Date: 6/6/2013
Statement of Issue:	Consider the adoption of a resolution finding the TIF Plan for TIF District 1-9 (Majestic Pines Senior Housing) consistent with the development plans for the City of Grand Rapids.	
Background:	<p>Majestic Pines Grand, LLC. has submitted an application requesting the City's establishment of a tax increment financing (TIF) in order to facilitate construction of a 74 unit senior continuum of care facility to be located along the south side of the Golf Course Rd., just west of the Grand Dental Center on a portion of a 13.2 acre tract. (map attached)</p> <p>The proposed facility will consist of congregate senior housing, including memory care units, enhanced care units, and independent housing units with services.</p> <p>The TIF assistance is needed to fund that portion of the cost of design and construction of required public infrastructure which exceeds the benefit received by the development property. The required public infrastructure construction generally consists of: an extension of Benson Lane on the south border of the development, an extension of sanitary sewer along the Golf Course Rd., and the looping of watermain between the Golf Course Rd. and Benson Lane.</p> <p>The zoning of the subject property is R-3 (Multi-family Residential-Medium Density) The proposed use of the property is permitted by right in this zoning district.</p> <p>The Comprehensive Plan references the value of diversified and a well maintained housing stock in several sections: <i>(examples)</i></p> <ul style="list-style-type: none"> • Chapter 3, Pg. 2 (under Community Values) –Housing Diversity • Chapter 4, Pg. 22 (Goals, Objectives, and Implementation) – 1st bullet point –<i>Recognize the City's evolving demographics</i> • Chapter 4, Pg. 25 (Goal #4)- Protect and enhance the diversity and livability of residential areas. • Chapter 5, Pg. 17 (Goal #2)- Provide a mix of affordability in the City's housing infrastructure. <p>The City Council will be considering the TIF Plan approval and establishment of a TIF District at a public hearing scheduled for July 8, 2013 at 6:00 pm. As mandated by statute, the Planning Commission must first review the TIF Plan and determine that it is consistent with the overall plan for the development of the City as a whole.</p>	

Recommendation:	Review the TIF Plan and the Comprehensive Plan.
Required Action:	Approve a motion to adopt the attached resolution finding the TIF Plan for TIF District 1-9 (Majestic Pines Senior Housing) consistent with the plans for development of the City of Grand Rapids.
Attachments:	<ul style="list-style-type: none">• Resolution• Maps

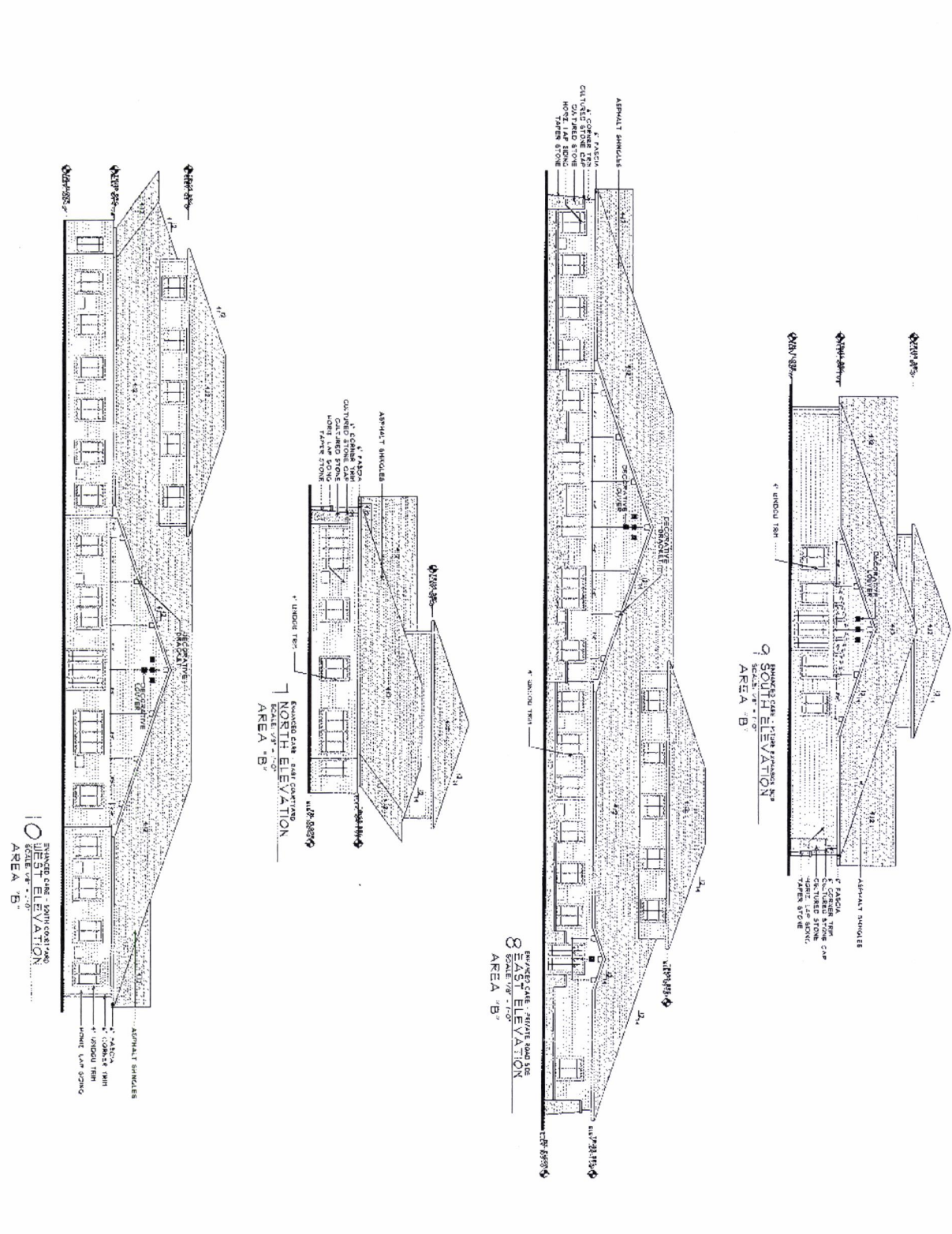
Tax Incremental Financing District No. 1-9 (Majestic Pines Senior Housing)



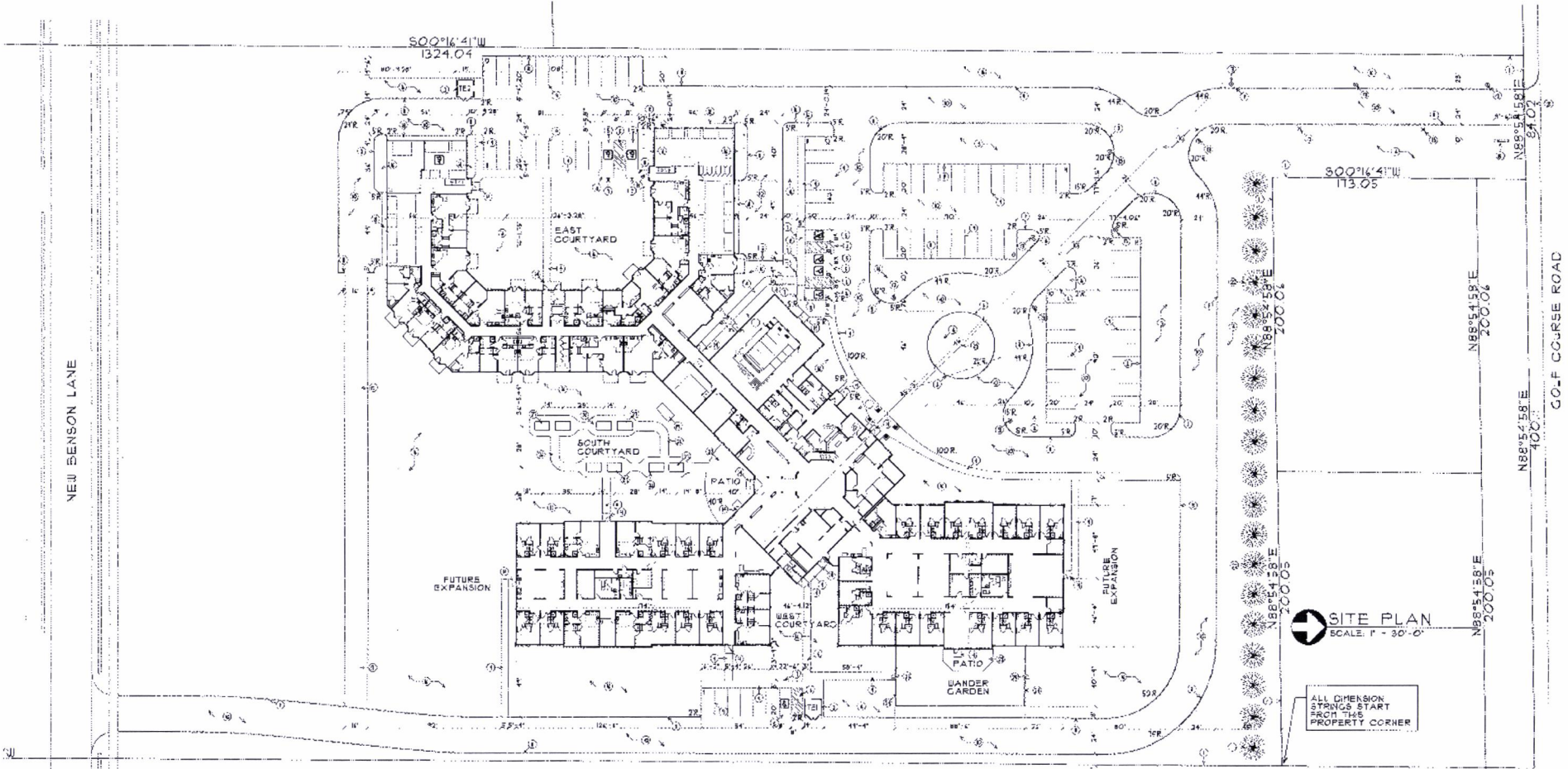
CITY OF
GRAND RAPIDS
ITS IN MINNESOTA'S NATURE



Image courtesy of USGS © 2013 Microsoft Corporation



A31 OF 35	PROPOSED MAJESTIC PINES SENIOR LIVING GRAND RAPIDS, MN	These documents are not valid for building permits unless signed by a duly authorized professional engineer or architect.	COLE GROUP ARCHITECTS, LLC 214 1st Avenue South Grand Rapids, MN 55401 Phone: 507-335-4400 Fax: 507-335-4401
	I hereby certify that the preparation of these documents was done by me or under my direct supervision and that I am a duly licensed architect under the laws of the state of MINNESOTA.	Date: 7/27/2010	New North E. Cole Group



SITE PLAN
SCALE: 1" = 30'-0"

ALL DIMENSION STRINGS START FROM THIS PROPERTY CORNER

- SITE PLAN NUMBER NOTES:**
1. PROPERTY LINE, VERIFY LOCATION AT SURVEY.
 2. FINISH ELEVATIONS SEE CIVIL PLANS.
 3. STORM WATER DRAINAGE (HUMI) SEE CIVIL PLANS.
 4. 3'-0" MIN. CONCRETE BANK, EXIST. PAVED DRIVE ADJACENT TO PARKING OR DRIVE.
 5. 2'-0" WIDE ACCESSIBLE PARKING SPACES, 14' MAX. RAMP, SEE DET. 2/14/1 TYPICAL.
 6. PAVED ACCESS DRIVE, 14' MIN. WIDE TYPICAL.
 7. ACCESSIBLE PARKING SPACES, SEE DET. 2/14/1 TYPICAL EACH STALL.
 8. DRIVE STALLS TO PARKING LOT ELEVATION AS REQ'D. AT 100' MAX. RAMP.
 9. PAVED PARKING STRIPS.
 10. EXISTING PARKING AND DRIVE, SEE CIVIL PLANS.
 11. CONCRETE CURB, 1' COUNTER, SEE CIVIL PLANS.
 12. CURB BOX PROVIDED ON THE BUILDING, VERIFY LOCATION AT FIELD MARKING.
 13. 100' MIN. CONC. W/ 4" FIBER REINFORCED CONCRETE.
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SITE INFO:
TOTAL SITE 571,892 S.F. (13.13 ACRES)
IMPERVIOUS AREA: 7 S.F.

PARKING INFO (43 UNITS)
GARAGE BAYS = 16
SURFACE STALLS = 89
TOTAL PARKING SPACES = 105
REQUIRED PARKING SPACES = 31

COLE GROUP
ARCHITECTS LLC
22 Park Avenue, Suite 200
Grand Rapids, MI 49503
Phone: 616.454.1000
Fax: 616.454.1000
www.colegroup.com

These documents are not valid for building permit unless signed by me and overseen. Copies are not valid.
I hereby certify that the plan, specification or report was prepared by me or under my direct supervision and that I am a duly licensed architect under the laws of the state of MINNESOTA.
Date: 2/27/19
No. 22289
NORMAN E. COLE, ARCHITECT

PROPOSED
MAJESTIC PINES
SENIOR LIVING
GRAND RAPIDS, MN
Scale: 1" = 30'-0"
A1
OF 35

**CITY OF GRAND RAPIDS
PLANNING COMMISSION**

RESOLUTION NO. 13-01

**RESOLUTION FINDING TAX INCREMENT FINANCING
PLAN FOR TAX INCREMENT FINANCING DISTRICT
NO. 1-9 (MAJESTIC PINES SENIOR HOUSING) CONSISTENT
WITH THE PLANS FOR DEVELOPMENT OF THE CITY OF
GRAND RAPIDS**

WHEREAS, the City Council of the City of Grand Rapids (the "City") has authorized preparation of a Tax Increment Financing Plan (the "TIF Plan") for Tax Increment Financing District No. 1-9 (Majestic Pines Senior Housing) (the "TIF District") within Development District No. 1, and the proposed TIF Plan has been submitted to the Planning Commission for comment; and

WHEREAS, the Planning Commission has reviewed the proposed TIF Plan and has compared it with the plans for development of the City as a whole.

NOW, THEREFORE, BE IT RESOLVED By the Planning Commission of the City of Grand Rapids, Minnesota as follows:

1. The TIF Plan for the TIF District is found to be consistent with the City's comprehensive plan. The planned development is consistent with Housing Goal No. 2 ("Provide a mix of affordability in the City's housing infrastructure") referenced within the City 2011 comprehensive plan, which expressly identifies the growing senior demographic and provides for working with the private sector in developing housing consistent with housing demand.
2. It is recommended that the City Council of the City hold the public hearing required by law and adopt the proposed TIF Plan.

Approved this 6th day of June, 2013, by the Planning Commission of the City of Grand Rapids, Minnesota.

Chairperson

ATTEST:

Secretary

TAX INCREMENT FINANCING PLAN
TAX INCREMENT FINANCING DISTRICT 1-9
(MAJESTIC PINES SENIOR HOUSING)
CITY OF GRAND RAPIDS, MINNESOTA

Approved: July 8, 2013

This Instrument Drafted by:

KENNEDY & GRAVEN, CHARTERED
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, Minnesota 55402
Telephone: (612) 337-9300

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SECTION I. DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 1

Section 1.1. Definitions. For the purposes of this TIF Plan, the following terms shall have the meanings specified below, unless the context otherwise requires:

“Bonds” means any general obligation or revenue tax increment bonds or notes issued by the City to finance the public costs associated with Development District No. 1 as stated in the Program and in the Tax Increment Financing Plans for the Tax Increment Financing Districts within Development District No. 1, or any obligations issued to refund the Bonds.

“City” means the City of Grand Rapids, a statutory city and political subdivision existing under the Constitution and the laws of the State of Minnesota.

“City Council” or “Council” means the City Council of the City of Grand Rapids, Minnesota;

“City Development District Act” or “Act” means Minnesota Statutes, Sections 469.124 through 469.134, as amended.

“County” means Itasca County, Minnesota.

“Development District” means Development District No. 1 which was approved by the Council on February 17, 1982, pursuant to and in accordance with the City Development District Act, and as it has been or may be modified.

“Development District Program” or “Program” means the program for development of the District adopted by the City pursuant to the Development District Act.

“Project Area” or “Project” means the property within Development District No. 1, as described in the Development Program.

“School District” means Independent School District No. 318.

“State” means the State of Minnesota.

“Tax Increment Financing Act” or “TIF Act” means Minnesota Statutes, Sections 469.174 through 469.1794, inclusive, as amended.

“Tax Increment Financing District” or “TIF District” means any Tax Increment Financing District created and established pursuant to the TIF Act within Development District No. 1.

“Tax Increment Financing Plan” or “TIF Plan” means the TIF Plan adopted by the Council for any TIF District within Development District No. 1.

Section 1.2. Program. Development District No. 1, as created on February 17, 1982, is coterminous with the boundaries of the City. The Development Program for the Development District was modified on August 26, 1996, on August 14, 2006, on July 23, 2007, and on August

23, 2010, to reflect changes in the boundaries of the Development District caused by annexation of additional land by the City. No modifications are required in connection with the establishment of TIF District 1-9. A map of the Development District is shown in Appendix A.

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SECTION II: TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 1-9 (MAJESTIC PINES SENIOR HOUSING)

Section 2.1. Statutory Authority. Pursuant to the TIF Act, the City seeks to create TIF District No. 1-9 and adopt a TIF Plan for the TIF District.

Section 2.2. Statement of Objectives. The objectives outlined in the Development Program for Development District No. 1 are incorporated herein by reference. The principal objective in establishing TIF District No. 1-9 is to facilitate development of congregate rental housing intended for occupancy by seniors.

Section 2.3. Development District Program. The City created Development District No. 1 on February 17, 1982, and has modified the Program on several occasions to expand the boundaries of the Development District. A map of the boundaries of the Program is attached as Appendix A.

Section 2.4. Classification of TIF District as a Housing District. Housing districts are a type of tax increment financing district which consists of a project (a) intended for occupancy, in part, by persons or families of low to moderate income, as defined in federal, state, and municipal legislation and (b) that satisfies all the requirements of Section 469.1761 of the TIF Act. A housing project means a project, or a portion of a project, that meets all of the qualifications of a housing district under the TIF Act, whether or not actually established as a housing district.

The City has determined that TIF District No. 1-9 is a housing district, pursuant to Sections 469.174, subdivision 11, and 469.1761 of the TIF Act. The proposed development in the TIF District consists of the following: a total of 73 units of senior housing comprising 18 memory care units, 16 enhanced care units, and 39 independent living units with services. No part of the proposed development receiving tax increment assistance includes any commercial or non-residential uses. In accordance with Section 469.1761, subdivisions 1 and 3 of the TIF Act, the affordable rental property will be required to satisfy the income requirements for a qualified residential rental project as defined in Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"). Those income requirements are either (i) 20 percent or more of the residential units are occupied by individuals whose income is 50 percent or less of the area's median gross income, or (ii) 40 percent or more of the residential units are occupied by individuals whose income is 60 percent or less of the area's median gross income. These income requirements apply for the duration of the tax increment financing district.

Tax increments from TIF District No. 1-9 will be used solely to finance the cost of the housing project described above. The cost of public improvements directly related to the housing project and the allocated administrative expenses of the City may be included in the cost of the housing project.

Section 2.5. Duration of the TIF District. Under Section 469.176, subdivision 1(a)(4) of the TIF Act, the City may receive TIF payments from a housing district for 25 years from the date of the receipt of the first increment, unless the TIF District is decertified before that time

under Section 469.1763, subdivision 4 of the TIF Act. The City elects to receive its first tax increments in 2015, and it is expected that the final year of collection will be 2040.

Section 2.6. Description of TIF District. The property included in TIF District No. 1-9 is described in Exhibit A. The boundaries and area encompassed by the TIF District are described below:

Parcel ID Number	Legal Description
91-030-1406	See Appendix A
91-030-4101	See Appendix A

The area encompassed by the TIF District shall also include all street or utility right-of-ways located upon or adjacent to the property described above.

Section 2.7. Parcels to be Acquired Within the TIF District. If necessary to facilitate development of the development project described in Section 2.8 below, the City may acquire any parcels within TIF District No. 1-9. The City does not anticipate acquiring any such property at this time.

Section 2.8. Specific Development Expected to Occur Within the TIF District. The project entails the development of an approximately 13.13-acre tract of land located on Golf Course Road near its intersection with Benson Lane in the City (the "Development Site") through the development of streets and utilities and the construction of approximately 73 rental units, of which at least 15 will be affordable units.

The development is expected to be constructed between 2013 and 2014 and to be 100% assessed and on the tax rolls as of January 2, 2015 for taxes payable in 2016.

At the time this document was prepared there were no signed construction contracts with regard to the development described above.

Section 2.9. Findings and Need for Tax Increment Financing

In adopting the TIF Plan for TIF District No. 1-9, the City Council makes the following findings:

- (a) *The TIF District qualifies as a housing district;*

See Section 2.4 of this document for the reasons and facts supporting this finding.

- (b) (i) *The anticipated development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future;*

Factual basis: The primary purpose of this TIF District is to promote the development of affordable rental housing on the Development Site. That development is not feasible without tax increment assistance based on analysis of

the pro forma and other material submitted to the City by the developer of the Development Site (on file at City Hall). This project will be new construction, with the high costs of development generally associated with multifamily housing. In addition, the developer will incur high costs of construction associated with the public infrastructure required to provide adequate access and utilities to the site. The developer's information indicates that, without the use of tax increment assistance, these high costs of development cannot be covered solely from the reduced rental rates required to make the units affordable to low and moderate income persons.

(ii) 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 the 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.

Factual basis: The City has determined that no other development is expected to occur on the site that would create a greater market value than the proposed affordable housing, after adjusting for the tax increment assistance.

The site is in an area of the City intended for residential development, and therefore there are no other approved types of development that would be likely to create a greater market value than the proposed development. In addition, any other residential development would face the same high development costs that confront the affordable housing proposed in this TIF Plan. Without the use of tax increment financing, such construction would be unlikely to occur because of the high costs associated with such construction, as noted previously. Thus, without TIF assistance, neither the proposed affordable housing, nor some other development producing more market value, would occur.

Therefore, the City concludes as follows:

1. The City's estimate of the amount by which the market value of the site will increase without the use of TIF is \$0.
2. If all development proposed to be assisted with TIF were to occur in the District, the total increase in market value would be approximately \$5,102,400, including a projected 1% annual inflation factor commencing in taxes payable year 2016.
3. The present value of tax increments from the District for the maximum duration of the TIF District permitted by the TIF Plan is estimated to be approximately \$2,560,318.
4. Even if some development other than the proposed development were to occur, the City finds that no alternative would occur that would produce a

market value increase greater than \$2,542,082 (the amount in clause 2 less the amounts in clauses 1 and 3) without TIF assistance.

- (c) *The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for development of the District by private enterprise; and*

Factual basis: The proposed development will permit development of rental housing for senior citizens of low and moderate income that meets the City's goals for this area of the City.

- (d) *The TIF Plan conforms to general plans for development of the City as a whole.*

Factual basis: The City Council and Planning Commission have found that the proposed development is consistent with the comprehensive City plan.

Section 2.10. Estimate of Public Costs. The estimated public costs of TIF District No. 1-9 are listed below. Such costs are eligible for reimbursement from tax increments of the TIF District.

Infrastructure	\$ _____	*
Site Development	_____	*
Construction of Affordable Housing	_____	
Loan/Note/Bond Interest Payments	_____	
Administrative Costs	_____	
State Auditor Fees	_____	
Total	\$2,560,318	

*Total principal amount of Pay-as-you-go Note: \$402,349

The City reserves the right to administratively adjust the amount of any of the items listed above or to incorporate additional eligible items, such as pooling to other housing projects in the City, so long as the total estimated public cost is not increased.

Section 2.11. Estimated Sources of Revenue

Tax Increment Revenue	\$2,560,318
Total	\$2,560,318

The City anticipates providing financial assistance to the proposed affordable housing development through a combination of pay-as-you-go or revenue notes.

Section 2.12. Estimate of Bonded Indebtedness. The City may issue Bonds (including pay-as-you-go or revenue notes) in a principal amount not to exceed \$1,313,624.

Section 2.13. Original Net Tax Capacity. The original tax capacity is expected to be \$1,220 (i.e., the tax capacity for the assessment as of January 2, 2012 for taxes payable in 2013).

The County auditor will annually certify the amount that the original tax capacity of the TIF District has increased or decreased as a result of:

- (a) change in the tax exempt status of property within the TIF District;
- (b) reduction or enlargement of the geographic boundaries of the TIF District;
- (c) reduction of valuation by means of a court-ordered abatement, stipulation agreement, voluntary abatement made by the assessor or auditor or by order of the Minnesota commissioner of revenue; or
- (d) change in the classification of property within the TIF District to a classification that has a different class rate.

Section 2.14. Original Local Tax Rate. The County Auditor shall also certify the original local tax rate of TIF District No. 1-9. This rate shall be the sum of all local tax rates that apply to property in the TIF District. This rate shall be for the same taxes payable year as the original net tax capacity.

In future years, the amount of tax increment generated by the TIF District will be calculated using the lesser of (a) the sum of the current local tax rates at that time or (b) the original local tax rate of the TIF District.

The City estimates that the original local tax rate for the TIF District will be 138.713%. This rate is an estimate of the aggregate local tax rates for property within the TIF District for taxes payable in 2014. Such rate was not available at the time of preparation of this TIF Plan, so the actual rate for taxes payable in 2013 is used to predict the approximate level of tax increment.

Section 2.15. Projected Retained Net Captured Tax Capacity and Projected Tax Increment. Pursuant to Sections 469.175, subdivision 1, and 469.177, subdivision 2, of the TIF Act, the estimated captured tax capacity of TIF District No. 1-9 will be \$1,220 as of January 1, 2015 (estimated completion date for all development in the TIF District). The captured tax capacity, and estimated tax increment, is expected to increase annually by 1 percent beginning in 2015 for taxes payable in 2016. A complete explanation of estimated captured tax capacity and tax increment is included in Appendix B.

Pursuant to Section 469.177, subdivision 2, of the TIF Act, it is found and declared that all of the captured tax capacity generated within TIF District No. 1-9 is necessary to finance or otherwise make permissible expenditures authorized by Section 469.176, subdivision 4, of the TIF Act.

The development in TIF District No. 1-9 will consist of housing; no commercial or industrial tax capacity is expected. Therefore, the City does not anticipate that the TIF District will result in a fiscal disparities contribution under Minnesota Statutes, Chapter 276A. The City understands that tax increment will be calculated in accordance with Section 469.177, subdivision 3(a) of the TIF Act.

Section 2.16. Use of Tax Increment. Each year the County Treasurer shall deduct 0.36% of the annual tax increment generated by TIF District No. 1-9 and pay such amount to the State's General Fund. Such amounts will be appropriated to the State Auditor for the cost of financial reporting and auditing of tax increment financing information throughout the State. Appendix C shows the projected deduction for this purpose over the anticipated life of the TIF District.

The City has determined that it may use 100% of the remaining tax increment generated by the TIF District for any of the following purposes:

- (a) Pay for the estimated public costs of the TIF District (see Section 2.11) and County administrative costs associated with the TIF District (see Section 2.19);
- (b) Pay principal and interest on tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (c) Accumulate a reserve securing the payment of tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (d) Pay all or a portion of the county road costs as may be required by the County Board under Minnesota Statutes, Section 469.175, subdivision 1a; or
- (e) Return excess increment to the County Auditor for redistribution to the City, County, and School District.

Section 2.17. Excess Tax Increment. Pursuant to Section 469.176, subdivision 2, of the TIF Act, in any year in which the increment from TIF District No. 1-9 exceeds the amount necessary to pay the estimated public costs authorized by the TIF Plan, the City shall use the excess amount to do any of the following, in the order determined by the City:

- (a) prepay any outstanding tax increment bonds;
- (b) discharge the pledge of tax increment therefor;
- (c) pay into an escrow account dedicated to the payment of the tax increment bonds; or
- (d) return the excess amount to the County Auditor who shall distribute the excess amount to the City, the County and School District in direct proportion to their respective local tax rates. The County Auditor must report to the Commissioner of Education the amount of any excess tax increment redistributed to the School District within 30 days of such redistribution.

Section 2.18. Tax Increment Pooling and the Five Year Rule. As permitted under Minnesota Statutes, Section 469.1763, subdivisions 2(b) and 3(a)(5), any expenditures of increment from TIF District No. 1-9 to pay the cost of a "housing project" as defined in Minnesota Statutes, Section 469.174, subdivision 11, of the TIF Act will be treated as an expenditure within the district for the purposes of the "pooling rules" and the "five year rule." The City does not currently anticipate that tax increment will be spent outside the TIF District

(except allowable administrative expenses), but any such expenditures are expressly authorized in this TIF Plan.

Section 2.19. Limitation on Administrative Expenses. Administrative expenses are defined as all costs of the City other than:

- (a) amounts paid for the purchase of land;
- (b) amounts paid for materials and services, including architectural and engineering services directly connected with the proposed development within the TIF District;
- (c) relocation benefits paid to, or services provided for, persons or businesses residing or located within TIF District No. 1-9; or
- (d) amounts used to pay interest on, fund a reserve for, or sell at a discount, tax increment bonds.

Administrative expenses include amounts paid for services provided by bond counsel, fiscal consultants, planning or economic development consultants, and actual costs incurred by the County in administering the TIF District. Tax increments may be used to pay administrative expenses of the TIF District up to the lesser of (a) 10% of the total estimated public costs authorized by the TIF Plan or (b) 10% of the total tax increment expenditures for the project.

Section 2.20. Limitation on Property not Subject to Improvements – Four Year Rule. If, after four years from the date of certification of TIF District No. 1-9, no demolition, rehabilitation, or renovation of property or other site preparation, including qualified improvement of a street or right-of-way adjacent to a parcel, has been commenced on a parcel located within the TIF District by the City, or by the owner of the parcel in accordance with the TIF Plan, no additional increment may be taken from that parcel, and the original tax capacity of that parcel shall be excluded from the original tax capacity of the TIF District. Qualified improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The City must submit to the County Auditor, by February 1 of the fifth year (i.e. February 1, 2018, assuming the TIF District is certified in 2013), evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the City or owner of the parcel subsequently commences any of the above activities, the City shall so certify to the county auditor, and the tax capacity of the property as most recently certified by the commissioner of revenue may be added to the TIF District's original tax capacity.

Section 2.21. Estimate of Impact on Other Taxing Jurisdictions. The City believes that, because the development would not have occurred without the tax increment assistance, TIF District No. 1-9 has no impact on other taxing jurisdictions. However, assuming the development would have occurred without tax increment assistance, making the anticipated captured tax capacity available to other jurisdictions, the hypothetical impacts on other jurisdictions are presented in Appendix C. A positive impact on other taxing jurisdictions will

occur when the TIF District is decertified and the development therein becomes part of the general tax base.

Additional fiscal and economic impacts of TIF District No. 1-9, pursuant to Section 469.175, subdivision 2, of the TIF Act, are listed below.

1. The total amount of tax increment that will be generated over the life of the district is estimated to be \$2,560,318.

2. The probable impact of the district on city-provided services such as police and fire protection, public infrastructure, and the impact of any general obligation tax increment bonds attributable to the district upon the ability to issue other debt for general fund purposes, is minimal. According to the Fire Chief of the Grand Rapids Fire Department, adequate resources currently exist to handle any fire-related incidents within the TIF District. Likewise, multi-family senior facilities developed in recent years have not created a substantial increase in service calls from police. Public infrastructure costs, such as traffic impacts, water and sewer usage, and street maintenance, are estimated to increase, but are within the City's current capacity.

The City does not plan to issue general obligation tax increment bonds. Therefore, there will be no impact of any general obligation tax increment bonds attributable to the district upon the ability to issue other debt for general fund purposes.

3. 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 estimated to be \$_____.

4. The amount of tax increment 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 estimated to be \$_____.

5. Neither the County nor the School District have requested additional information regarding size, timing, or type of development in the TIF District. If the City receives such a request, the City will provide the information requested.

Section 2.22. Notification of Prior Planned Improvements. Pursuant to Section 469.177, subdivision 4 of the TIF Act, the City will review its records with regard to the property within TIF District No. 1-9 to determine whether any building permits were issued during the 18 months immediately preceding approval of the TIF Plan by the City. If such permits are found, the City will so notify the County Auditor along with the request for certification of the TIF District, and the County Auditor will be instructed to increase the original net tax capacity of the district by the net tax capacity of each improvement for which a building permit was issued.

There have been no building permits issued in the last 18 months in conjunction with any of the properties within the TIF District.

Section 2.23. Development Agreements. No contracts have yet been executed for the development activity authorized by this TIF Plan. Agreements regarding property within the

Development District will be entered into in accordance with Section 469.176, subdivision 5 of the TIF Act. Any contract will obligate the Developer to meet the income limits described in Section 2.4 for the affordable rental and owner-occupied housing units in TIF District No. 1-9.

Section 2.24. Assessment Agreements. Pursuant to Section 469.177, subdivision 8 of the TIF Act, the City may execute an assessment agreement in recordable form with the developer which establishes a minimum market value of the land and completed improvements for the duration of TIF District No. 1-9.

The assessment agreement, if any, shall be presented to the County Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and so long as the minimum market value contained in the assessment agreement appears in the judgment of the assessor to be a reasonable estimate, the assessor shall certify the minimum market value agreement. The assessment agreement shall be filed of record in the office of the county recorder or the registrar of titles of Itasca County. Any modification or premature termination of this agreement must first be approved by the City, the County and the School District.

Section 2.25. Modification of TIF Plan. The Plan for TIF District No. 1-9 may be modified by the City, provided that any reduction or enlargement of geographic area of the TIF District, increase in amount of bonded indebtedness to be incurred, increase in the portion of the captured tax capacity to be retained by the City, increase in total estimated tax increment expenditures or designation of additional property to be acquired by the City shall be approved upon the notice and after such discussion, public hearing and findings as required for approval of the original TIF Plan.

The City must notify the County Auditor of any modification that reduces or enlarges the geographic area of the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

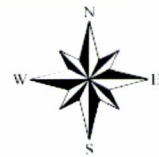
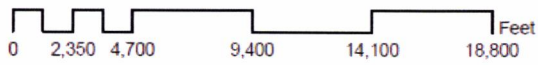
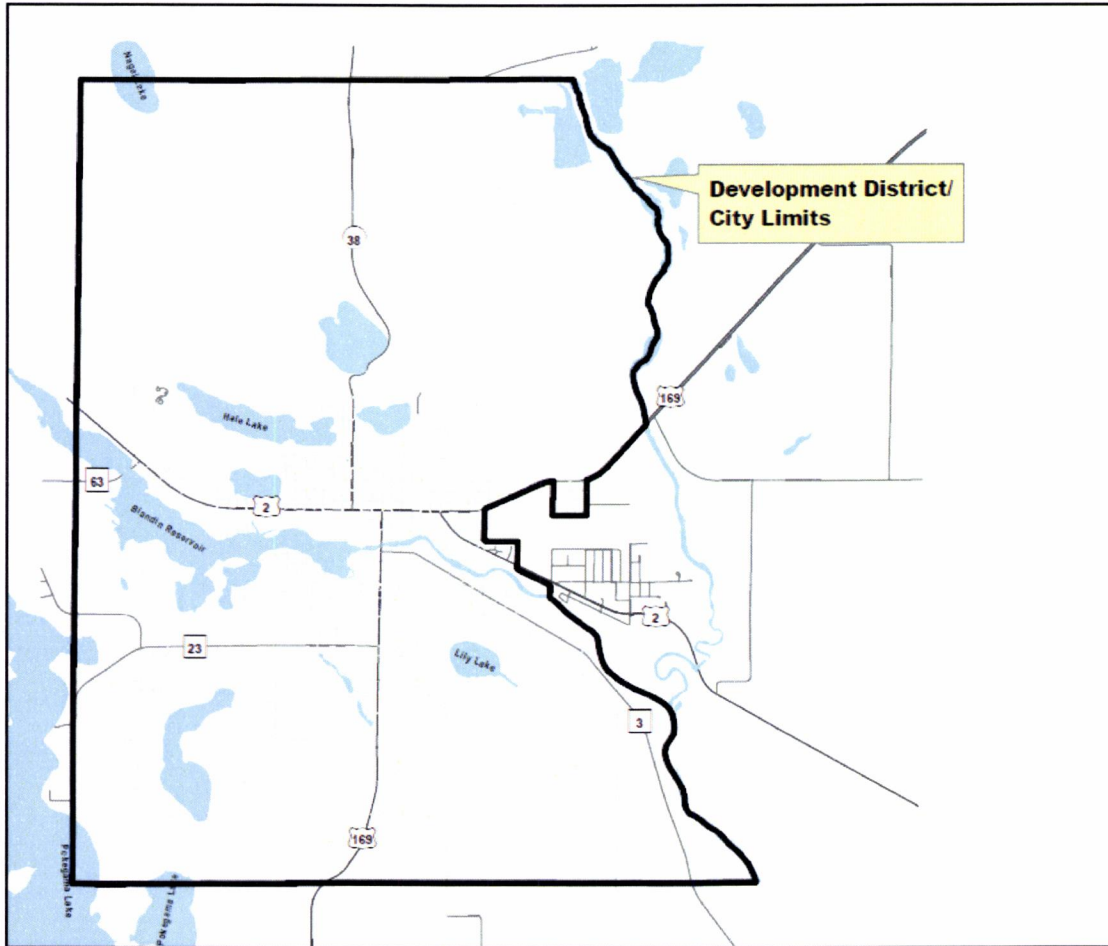
Section 2.26. Administration of TIF Plan.

Upon adoption of the TIF Plan, the City shall submit a copy of such plan to the Minnesota Department of Revenue and the State Auditor. The City shall also request that the County Auditor certify the original net tax capacity and net tax capacity rate of TIF District No. 1-9. To assist the County Auditor in this process, the City shall submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements. The City shall also send the County Assessor any assessment agreement establishing the minimum market value of land and improvements in the TIF District, and shall request that the County Assessor review and certify this assessment agreement as reasonable.

Section 2.27. Annual Financial Report. The City will comply with all reporting requirements under Section 469.175, subdivisions 5 and 6 of the TIF Act.

APPENDIX A

MAP OF DEVELOPMENT DISTRICT NO. 1



2010 Development District Map

[Insert map of TIF District 1-9]

Legal Description

Real Property in the City of Grand Rapids, County of Itasca, State of Minnesota.

The East Four Hundred Eighty-four feet (E. 484') of the Southeast Quarter of the Northeast Quarter (SE $\frac{1}{4}$ NE $\frac{1}{4}$), Except the East Four Hundred feet of the North One Hundred Seventy-three feet (E. 400' of N. 173') thereof.

And

The North One Hundred Seventy-nine feet (N. 179') of the East Four Hundred Eighty-four feet (E. 484') of Government Lot Five (5), Section Thirty (30), Township Fifty-five (55) North of Range Twenty-five (25) West of the Fourth Principal Meridian, Itasca County, Minnesota.

APPENDIX B
TAX INCREMENT SCHEDULES

APPENDIX C

ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS REPORT