Resolution No. 2026R-292 **City of Minneapolis** **File No. 2026-00693**

Author: Osman Committee: BHZ Public Hearing: Jul 7, 2026

Passage: Jul 16, 2026 Publication: JUL 25 2026

RECORD OF COUNCIL VOTE				
COUNCIL MEMBER	AYE	NAY	ABSTAIN	ABSENT
Payne	×			
Osman	×			
Chughtai				×
Wonsley	×			
Rainville	×			
Vetaw	×			
Warren	×			
Shaffer	×			
Stevenson	×			
Chavez	×			
Whiting	×			
Chowdhury	×			
Palmisano	×			

MAYOR ACTION

☑ APPROVED ☐ VETOED

MAYOR FREY

JUL 23 2026

DATE

Certified an official action of the City Council

ATTEST:

CITY CLERK

Presented to Mayor: JUL 17 2026

Received from Mayor: JUL 23 2026

Authorizing issuance of a tax increment limited revenue note in an aggregate principal amount not to exceed $1,775,000 in connection with the Grain Exchange Affordable Housing Project.

Whereas, the City of Minneapolis (the "City"), acting pursuant to Laws of Minnesota 2003, Chapter 127, Article 12, Sections 31-34, and Minneapolis Code of Ordinances, Chapter 415, has certain powers, including without limitation the powers set forth in Sections 469.174 through 469.1799, as amended (the "TIF Act"); and

Whereas, in this connection the City is carrying out a housing development project intended for occupancy in whole or in part by persons or families of low- and moderate-income that satisfies the requirements of Minnesota Statutes, Section 469.1761 and known as the Grain Exchange Project (the "Project"); and

Whereas, in furtherance of the Project, the City is concurrently approving a housing tax increment financing district pursuant to the Grain Exchange Tax Increment Financing Plan (the "TIF Plan"); and

Whereas, pursuant to the TIF Act, and specifically Minnesota Statutes, Section 469.178, subd. 4, the City is authorized to issue its tax increment limited revenue note to finance Project costs as described in Minnesota Statutes, Section 469.176, subd. 4d; and

Whereas, the City has entered or will enter into a tax increment financing assistance contract (the "Contract") with Grain Exchange Housing Limited Partnership, a Minnesota limited partnership, or an affiliated entity (the "Developer"), pursuant to which the Developer will develop a project with approximately 232 apartments and approximately 50,000 square feet of office, event and/or retail space and the City will provide tax increment financing assistance consistent with the TIF Plan;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

That it is desirable that the City issue one or more tax increment limited revenue notes (the "Note") in substantially the form attached hereto as Exhibit A.

Be It Further Resolved that the form of the Note is hereby approved and shall be executed by the Finance Officer in substantially the form on file, with such changes therein not inconsistent with law as the Finance Officer may approve, which approval shall be conclusively evidenced by the execution thereof.

Be It Further Resolved that all actions of the members, employees and staff of the City heretofore taken in furtherance of the issuance of the Note are hereby approved, ratified and confirmed.

Be It Further Resolved that the sale of said Note to the Developer is hereby approved, and the Note is hereby directed to be sold to the Developer upon the terms and conditions set forth in the Contract.

Be It Further Resolved that the Finance Officer is hereby authorized and directed to execute such other documents, agreements and certificates as may be required in connection with the Note.

Be It Further Resolved that no provision, covenant or agreement contained in the aforementioned documents, the Note or in any other document related to the Note, and no obligation therein or herein imposed upon the City or the breach thereof, shall constitute or give rise to any pecuniary liability of the City or any charge upon its general credit or taxing powers. In making the agreements, provisions, covenants and representations set forth in such documents, the City has not obligated itself to pay or remit any funds or revenues, other than funds and revenues derived from the tax increment revenues which are to be applied to the payment of the Note, as provided therein and in the Contract. The Note shall not constitute a charge, lien or encumbrance, legal or equitable upon any property or funds of the City except that revenue and proceeds pledged to the payment thereof, nor shall the City be subject to any liability thereon. The holders of the Note shall never have the right to compel any exercise of the taxing power of the City to pay the outstanding principal on the Note or the interest thereon, or to enforce payment hereon against any property of the City. The Note shall not constitute a debt of the City within the meaning of any constitutional or statutory limitation.

Be It Further Resolved that the Note, when executed and delivered, shall contain a recital that it is issued pursuant to the TIF Act, and such recital shall be conclusive evidence of the validity of the Note and the regularity of the issuance thereof, and that all acts, conditions and things required by the laws of the State of Minnesota relating to the adoption of this resolution, to the issuance of the Note and to the execution of the aforementioned documents to happen, exist and be performed precedent to and in the enactment of this resolution, and precedent to issuance of the Note and precedent to the execution of the aforementioned documents have happened, exist and have been performed as so required by law.

Be It Further Resolved that this resolution shall be in full force and effect from and after its date of publication.

EXHIBIT A
FORM OF TIF NOTE

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF HENNEPIN
CITY OF MINNEAPOLIS

TAX INCREMENT LIMITED REVENUE NOTE

(Grain Exchange Project)

The City of Minneapolis (the "City"), hereby acknowledges itself to be obligated and, for value received, promises to pay to the order of Grain Exchange Housing Limited Partnership, a Minnesota limited partnership (the "Developer"), solely from the source, to the extent, and in the manner hereinafter provided, the principal amount of this Note, being One Million, Seven Hundred Seventy-Five Thousand and No/100 Dollars ($1,775,000.00) or such lesser amount as may equal the certified Project Costs as described in Section 4.01 of the Contract and reduced by any Post-Construction Review Adjustment, with interest at the Note Rate, in the installments specified in this Note, on the Payment Dates. In no event will the principal amount of this Note be increased.

Capitalized terms not defined elsewhere in this Note shall have the meanings below:

"Available Tax Increment" means the Gross Tax Increment received by the City from Hennepin County during the period preceding each semi-annual Payment Date, less (i) the amount of tax increment, if any, which the City must pay to the school district, the county and the state pursuant to *Minnesota Statutes*, Sections 469.177, Subds. 9 and 11; 469.176, Subd. 4h; and 469.175, Subd. 1a, as the same may be amended from time to time, (ii) actual administrative costs of the City in an amount not to exceed 10% of Gross Tax Increment.

"Certificate of Completion" means a certificate issued by the City to the Developer pursuant to Section 5.04 of the Contract certifying that the Housing Project has been substantially completed and the Project Costs have been incurred.

"Contract" means that certain Tax Increment Financing Assistance Contract between the City and the Developer, dated _______________, 2026.

"Developer Fee" means all developer fees, profit, administration and overhead, development consultant fees, construction management fees and any other amounts, including all deferred fees paid to Developer or any affiliate of Developer in conjunction with the Housing Project excluding any asset management fee to Developer or general partner or limited partner of Developer.

"District" means the Grain Exchange Tax Increment Financing District established by the City as a housing district pursuant to the Tax Increment Financing Act to aid in financing the Housing Project.

"Gross Tax Increment" means that portion of the property taxes generated by the Property and Housing Project that is received by the City from Hennepin County as tax increment revenue under the Tax Increment Financing Act.

"Housing Project" means new construction of approximately 232 rental housing units, and related improvements as described in the Contract.

"Maturity Date" means the earlier of (i) February 1 of the year following the final year of Tax Increment collection from the District; and (ii) the date when the principal and interest amount of this Note has been paid in full.

"Note Rate" means 5.0% per annum, calculated and paid semi-annually on each Payment Date based on a 30-day month/360-day year. Any unpaid interest does not accrue to the note balance.

"Payment Date" means August 1 of the year of first tax increment collection from the District and each February 1 and August 1 thereafter until the Maturity Date, provided that in no event will any payment date occur before the City's issuance of the Certificate of Completion under the terms of the Contract.

"Post-Construction Review Adjustment" means a reduction in the principal amount of this Note in an amount calculated after the issuance of the Certificate of Completion and the City's certification of the final Project Costs by comparing the amount of actual deferred Developer Fee to Projected Deferred Developer Fee and reducing the principal amount of this Note by the percentage by which the actual deferred Developer Fee is less than the Projected Deferred Developer Fee. (For example, If the actual deferred fee is 10% less than projected, then the principal amount of this Note will be reduced by 10%. If the actual deferred fee is 22.3% less than projected, then this Note will be reduced by 22.3%, etc...) In no event will a Post-Construction Review Adjustment result in an increase in the principal amount of the Note.

"Project Costs" means actual costs of constructing the Housing Project as described in Section 4.01 of the Contract, which cannot exceed $1,775,000.00 and must be approved by the City pursuant to the Contract.

"Projected Deferred Developer Fee" means $_________________.

"Property" means the real property legally described in the attached **Exhibit A**, upon which the Housing Project will be constructed.

"Restrictive Covenants" means the Declaration of Affordable Housing Covenants dated of even date with this Note executed by the Developer in favor of the City and filed against the Property.

"Tax Increment Financing Act" means *Minnesota Statutes*, Section 469.174-469.1799, as amended, or any successor statutes applicable to the District.

On each Payment Date, the City shall pay the Developer an installment equal to the lesser of (i) the Available Tax Increment for the annual period preceding the Payment Date; or (ii) the amount necessary to pay the accrued unpaid interest and the unpaid principal amount of this Note in full. If, after issuance of the Certificate of Completion, the Developer is in default under the Contract, and, after notice by the City to the Developer as provided in Article IX of the Contract, such default has not been cured within the time period provided in the Contract (an "Event of Default"), then the City may suspend payment on this Note until the Event of Default is cured or the City's obligations under this Note are terminated. If payments are suspended due to an Event of Default under the Contract, the City is not obligated to pay to the Developer the amount of the suspended payments that would otherwise have been paid to the Developer between the date the payment is suspended and the date the Event of Default is cured. If the Developer fails to pay all or a portion of the property taxes due and owing on the Property, then upon such failure to pay, no interest as required by this Note shall accrue during the period in which the property taxes were due but not paid.

Further, the City reserves the right to seek repayment of any payments previously made during a period when the Developer was in default under the Contract, due to a default under Section 4.05 of the Contract or due to a property tax refund if the City is required to repay tax increment to Hennepin County as a result of such default or refund. The Developer shall have thirty (30) calendar days to make the payment to the City. If the Developer does not timely make the full payment to the City, the City shall immediately suspend payments on this Note.

Interest shall accrue on the initial principal amount of this Note from the later of (i) the date of issue of the Project Costs certification as described in the Contract and (ii) the date of the issue of the Certificate of Completion. Each payment under this Note, whether a scheduled payment or any other payment, shall be applied first to the current interest, then to the unpaid principal amount of this Note. If there is insufficient Available Tax Increment to pay the current interest on a Payment Date, then the unpaid interest amount is forgiven.

On the Maturity Date, this Note shall be deemed paid in full and the City shall have no further obligation under this Note even if the aggregate of the tax increment that has actually been paid to the Developer on each Payment Date is less than the full principal and interest amount of this Note. This Note may be prepaid in full or in part at any time without penalty.

Each payment on this Note is payable in any coin or currency of the United States of America which on the date of such payment is legal tender for public and private debts and shall be made by wire transfer, check or draft made payable to the Developer and mailed to the Developer at 1015 Queen Avenue North, Minneapolis, Minnesota 55411, or such other address as the Developer shall provide in writing to the City's notice address as set forth in the Contract.

The Note is a special and limited obligation and not a general obligation of the City, which has been issued by the City pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including *Minnesota Statutes*, Section 469.178, subdivision 4, to aid in financing a "project", as therein defined, of the City consisting generally of defraying certain costs incurred by the Developer within and for the benefit of the Housing Project.

THE NOTE IS NOT A DEBT OF THE STATE OF MINNESOTA (THE "STATE"), OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF MINNEAPOLIS, MINNESOTA, EXCEPT THAT THE CITY SHALL BE OBLIGATED TO MAKE PAYMENTS FROM AVAILABLE TAX INCREMENT AS SET FORTH HEREIN, AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, SHALL BE LIABLE ON THE NOTE, EXCEPT FOR THE CITY'S OBLIGATION TO MAKE PAYMENTS FROM AVAILABLE TAX INCREMENT AS SET FORTH HEREIN, NOR SHALL THE NOTE BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN AVAILABLE TAX INCREMENT AS SET FORTH HEREIN.

This Note shall not be transferred to any person, unless the City has been provided with an opinion of counsel acceptable to the City that such transfer is exempt from registration and official statement delivery requirements of federal and applicable state securities law and an investment letter reasonably acceptable to the City.

This Note shall not be payable from or constitute a charge upon any funds of the City, and the City shall not be subject to any liability hereon or be deemed to have obligated itself to pay hereon from any funds except the Available Tax Increment, and then only to the extent and in the manner herein specified.

The Developer shall never have or be deemed to have the right to compel any exercise of any taxing power of the City or of any other public body, and neither the City nor any person executing or registering this Note shall be liable personally hereon by reason of the issuance of registration thereof or otherwise.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and the laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; that this Note is issued pursuant to the Tax Increment Act; and that this Note together with all other indebtedness of the City outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the City to exceed any constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, the City of Minneapolis, by action of its Mayor and City Council, has caused this Note to be executed by the manual signature of its Finance Officer, and has caused this Note to be dated _______________, 2026.

CITY OF MINNEAPOLIS

By ______________________________

Dushani Dye
Its Finance Officer

Approved as to form:

____

Assistant City Attorney

Developer's Federal Tax ID No. ______________________________

EXHIBIT A

Property Legal Description

Lot 1, 2, 3 and 10 and Lot 9, excepting the Southeasterly 16.50 feet of the Northeasterly 8.50 feet of the Southwesterly 16.50 feet of said Lot 9, Block 67, Town of Minneapolis, Hennepin County, Minnesota.

Being Registered land as is evidenced by Certificate of Title No. 1576441