

**CITY OF NORTHFIELD  
COUNTIES OF DAKOTA AND RICE  
STATE OF MINNESOTA**

**RESOLUTION NO. 2026-055**

**A RESOLUTION APPROVING THE MODIFICATION OF THE DEVELOPMENT  
PROGRAM FOR MASTER DEVELOPMENT DISTRICT,  
ESTABLISHING A TAX INCREMENT FINANCING DISTRICT, AND  
APPROVING A TAX INCREMENT FINANCING PLAN THEREFOR  
(HARVEST HILLS PROJECT)**

WHEREAS, it has been proposed that City of Northfield, Minnesota (the “City”) modify the Development Program (the “Program Modification”) for Master Development District (the “Development District”), establish Harvest Hills Tax Increment Financing District (a housing district) within the Development District (the “TIF District”) and adopt the related Tax Increment Financing Plan therefor (the “TIF Plan”) all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.124 through 469.133 and Sections 469.174 through 469.1794, as amended (the “TIF Act”), all as reflected in that certain document entitled “Modification to the Development Program Master Development District & Tax Increment Financing (TIF) Plan Establishment of Harvest Hills Tax Increment Financing District (a housing district)”, and presented for the Council’s consideration;

WHEREAS, the City has performed all actions required by law to be performed prior to the modification and approval of the Program Modification and the TIF Plan, including without limitation, delivery of the Program Modification and the TIF Plan to the Board of Rice County (the “County”) and the Board of Independent School District No. 659 (the “School District”), and the holding of a public hearing by the City thereon on the date hereof, following notice thereof published in the City’s official newspaper at least 10 but not more than 30 days prior to the public hearing;

WHEREAS, certain information and material (collectively, the “Materials”) relating to the TIF Plan and to the activities contemplated therein have heretofore been prepared and submitted to the Council and/or made a part of the City files and proceedings on the TIF Plan. The Materials include the tax increment application, project pro forma financial statement, project sources and uses and other information supplied by Schrom Construction, Inc. (or an affiliate, the “Developer”), as to the activities contemplated therein, the items listed in the TIF Plan under the heading “Supporting Documentation,” and information constituting or relating to (1) why the assistance satisfies the so-called “but for” test and (2) the bases for the other findings and determinations made in this resolution. The Council hereby confirms, ratifies and adopts the Materials, which are hereby incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein; and

WHEREAS, the TIF District is being established to facilitate the construction of approximately 71 townhome units of new mixed-income multifamily rental housing, with related amenities and improvements, to be constructed, owned and operated by the Developer on property within the TIF District, together with associated infrastructure, (the “Development”);

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

Section 1. Findings for the Adoption and Approval of the Program Modification and TIF Plan.

1.01. The Council hereby approves the modification of the Program to incorporate the TIF District and the TIF Plan and specifically finds that: (a) the land within the Development District would not be available for redevelopment without the financial aid to be sought under the Program Modification; (b) the Program Modification will afford maximum opportunity, consistent with the needs of the City as a whole, for the development of the Development District by private enterprise; and (c) the Program Modification conforms to the general plan for the development of the City as a whole, and otherwise promotes certain public purposes and accomplishes certain objectives as specified in the Development Program. The Development District is not being expanded and the only modification of the Program relates to the incorporation by reference of the proposed TIF District and the terms of the TIF Plan therefor.

1.02. The Council hereby finds that the TIF District is in the public interest and is a “housing district”, as defined in Minnesota Statutes, Section 469.174, Subdivision 11 for the following reasons:

The TIF District consists of a project or portions of a project intended for occupancy, in part, by persons or families of low and moderate income as defined in Chapter 462A, Title II of the National Housing Act of 1934, the National Housing Act of 1959, the United States Housing Act of 1937, as amended, Title V of the Housing Act of 1949, as amended, and any other similar present or future federal, state or municipal legislation, or the regulations promulgated under any of those acts. The Developer has represented that at least 20% of the units in the Development will be reserved for rental to persons whose annual income does not exceed 50% of applicable area median income and that no more than 20% of the square footage of buildings that receive assistance from tax increments will consist of commercial, retail or other nonresidential uses.

1.03. The Council hereby makes the following additional findings:

(a) The Council further finds that the proposed Development, in the opinion of the Council, would not occur solely through private investment within the reasonably foreseeable future and, therefore, the use of tax increment financing is deemed necessary. The specific basis for such finding being:

The proposed Development will result in the construction of low and moderate income housing units which would not otherwise be constructed in the reasonably foreseeable future. The rents for affordable housing projects do not provide a sufficient return on investment to stimulate new development. The Developer has represented that it could not proceed with the Development without tax increment assistance. The Developer has provided the City its estimated Development proforma outlining project sources and uses as well as projected rent, vacancy and financing

assumptions. City staff and the City's advisors reviewed the information and have determined the Development is not feasible without the proposed assistance due to anticipated rent levels and market returns not supporting the development costs. Based on the review, the City does not expect that a development of this type would occur in the reasonably foreseeable future but for the use of tax increment assistance.

(b) The Council further finds that the TIF Plan conforms to the general plan for the development or redevelopment of the City as a whole. The specific basis for such finding being:

The TIF Plan will generally complement and serve to implement policies adopted in the City's comprehensive plan. The housing Development contemplated on the property is in accordance with the existing zoning or approved zoning variances for the property. The Planning Commission reviewed the proposed Development and approved PC Motion 2026-001 on April 16, 2026, that affirms that the plans for Development described in the TIF Plan conform to the general development plan of the City.

(c) The Council further finds that the TIF Plan will afford maximum opportunity consistent with the sound needs of the City as a whole for the development of the TIF District by private enterprise. The specific basis for such finding being:

The Development proposed to occur within the TIF District is the construction by private enterprise of primarily low and moderate income multi-family housing. The development will increase the taxable market valuation of the City. The available multi-family housing in the City will increase by approximately 71 rental units with the completion of the Development and help fulfill the need for such housing in the City.

1.04. In accordance with Minnesota Statutes, Section 469.175, Subd. 1(b), the City elects to delay the receipt of the first increment until tax payable year 2028.

1.05. The City elects to retain all of the captured tax capacity to finance the costs of the TIF District and the Development District.

1.06. The provisions of this Section 1 are hereby incorporated by reference into and made a part of the TIF Plan and the findings set forth in Appendix D to the TIF Plan are hereby incorporated by reference into and made a part of this Resolution.

1.07. The Council further finds that the Program Modification and TIF Plan are intended and in the judgment of the Council its effect will be to promote the public purposes and accomplish the objectives specified therein.

1.08. The TIF District is hereby established and the Program Modification and TIF Plan, as presented to the Council on this date, including without limitation the findings and statements of objectives contained therein, are hereby approved, ratified, established, and adopted and shall be placed on file in the office of the City Administrator. City staff shall, in

writing, request the Rice County Auditor to certify the new TIF District and file the Program Modification and TIF Plan with the Commissioner of Revenue and the Office of the State Auditor.

1.01 The staff of the City, the City's advisors and legal counsel are authorized and directed to proceed with the implementation of the Program and TIF Plan including without limitation requesting that the County Auditor to certify the original net tax capacity of the TIF District, as described in the Program Modification and TIF Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased; and the City staff is authorized to transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within the District for which building permits have been issued during the 18 months immediately preceding the adoption of this resolution. The Council finds that no "improvement" was made, within the meaning of Minn. Stat., Section 469.177, Subd. 4, under a permit issued during the 18 months immediately preceding the adoption of this resolution.

Section 2. Interfund Loans.

2.01. The Council hereby approves a policy on interfund loans or advances ("Loans") for the TIF District, as follows:

(a) The authorized tax increment eligible costs (including without limitation out-of-pocket administrative expenses in an amount up to \$500,371, interest in an amount up to \$4,580,000 and other housing or development costs in an amount up to \$5,427,426) payable from the TIF District, as its TIF Plan is originally adopted or may be amended, may need to be financed on a short-term and/or long-term basis via one or more Loans, as may be determined by the City Finance Director from time to time.

(b) The Loans may be advanced if and as needed from available monies in the City's general fund or other City fund designated by the City Finance Director. Loans may be structured as draw-down or "line of credit" obligations of the lending fund(s).

(c) Neither the maximum principal amount of any one Loan nor the aggregate principal amount of all Loans may exceed \$10,507,797 outstanding at any time.

(d) All Loans shall mature not later than February 1, 2054 or such earlier date as the City Finance Director may specify in writing. All Loans may be pre-paid, in whole or in part, whether from tax increment revenue, tax increment revenue bond proceeds or other eligible sources.

(e) The outstanding and unpaid principal amount of each Loan shall bear interest at the rate prescribed by the statute (Minnesota Statutes, Section 469.178, Subdivision 7), which is the greater of the rates specified under Sections 270C.40 or 549.09 at the time a Loan, or any part of it, is first made, subject to the right of the City Finance Director to specify a lower rate (but not less than the City's then-current average investment return for similar amount and term).

(f) Such Loans within the above guidelines are pre-approved. The Loans need not take any particular form and may be undocumented, except that the City Finance Director shall specify the principal amount and interest rate and maintain all necessary or applicable data on the Loans.

PASSED by the City Council of the City of Northfield, Minnesota this 19<sup>th</sup> day of May, 2026  
ATTEST:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Mayor

VOTE: \_\_\_ ZWEIFEL \_\_\_ SOKUP \_\_\_ HOLMES \_\_\_ NESS  
      \_\_\_ PETERSON WHITE \_\_\_ DAHLEN \_\_\_ BEUMER