

RESOLUTION NO. _____

**RESOLUTION GRANTING PROPERTY TAX ABATEMENT
IN THE CITY OF MANKATO, MINNESOTA**

Section 1. Recitals.

1.01. Minnesota Statutes, sections 469.1812 through 469.1815 (the “Tax Abatement Act”) authorizes cities to grant tax abatements when the city determines that the benefits to the city of the abatement are at least equal to the costs and upon finding the abatement is in the public interest for specific reasons.

1.02. The city of Mankato (the “City”) has determined to utilize the authority granted under the Tax Abatement Act in instances in which tax abatement is necessary to bring about development or redevelopment meeting the goals and objective of the City’s economic development policies.

1.03. Organic Growth Properties, LLC (the “Developer”), intends to develop a portion of the real property identified on Exhibit A attached hereto (the “Development Property”) by constructing an approximately 63,000 sq. ft. office/organic manufacturing facility (the “Project”). After subdivision, the Development Property will consist of approximately 6 acres of land and is generally located _____.

1.04. The Developer will create 8 new full-time equivalent jobs within one year and 50 new jobs within two years on the Development Property. The jobs will provide wages and benefits at least equal to 80% of the median income for Blue Earth County, as determined by the United States Census Bureau and 110% of the federal poverty level for a family of four, as determined annually by the United States Department of Health and Human Services.

1.05. Pursuant to the Tax Abatement Act and the City’s economic development policies, the City has determined a need to grant a property tax abatement on the Development Property (the “Abatement”) to the Developer to assist in financing a portion of the costs of the Project. The Abatement will apply to the City’s share of the increase in real estate taxes on the Development Property as a result of the Project.

1.06. The duration of the Abatement will be 7 years, beginning August 1, 2029 through February 1, 2036 (the “Abatement Period”). Terms and conditions of the Abatement provided by the City will be set forth in an agreement with the Developer (the “Tax Abatement and Business Subsidy Agreement”).

1.07. On September 28, 2026, the City Council conducted a duly noticed public hearing on the proposed Abatement. The views of all interested persons were heard and considered at the public hearing.

Section 2. Findings.

2.01. The recitals set forth above are incorporated into this Abatement Resolution.

2.02. It is hereby found and determined that the benefits to the City from the Abatement will be at least equal to the costs to the City of the Abatement because (a) based on representations of the Developer, the City believes that the Project is not reasonably likely to occur absent the Abatement; (b) the Project will create at least 50 jobs within the City and will likely encourage additional development and jobs within the City and surrounding area; and (c) the long-term taxes collected from the Development Property after completion of the Project and termination of the Abatement will exceed the amount of the Abatement paid during the Abatement Period.

2.03. It is hereby found and determined that the Abatement is in the public interest because the Project will increase the City's tax base and provide additional employment opportunities in the City and the State.

2.04. It is further specifically found and determined that the Abatement is in the public interest because it is expected to result in the following public benefits:

(a) The Project will increase the market value of the Development Property for property tax purposes. Real estate taxes on the current market value of the Development Property will continue to be available to the County, school district and other taxing jurisdictions during the Abatement Period. The Abatement will be paid only from the taxes on the added value attributable to the Project. Following completion of the Abatement Period, all taxing jurisdictions will have the benefit of taxes on the full value of the Development Property resulting from the Project; and

(b) Creation by the Developer of new jobs in the City and the State.

2.05. The City has concluded, based on its estimates and as more fully set forth in the Tax Abatement and Business Subsidy Agreement, that the aggregate amount of Abatement which will be paid to the Developer during the Abatement Period is \$192,000, which constitutes a business subsidy within the meaning of Minnesota Statutes, sections 116J.993 to 116J.995, as amended (the "Business Subsidy Act").

Section 3. Actions Ratified; Abatement and Tax Abatement and Business Subsidy Agreement Approved

3.01. The City Council hereby ratifies all actions of the City's staff and consultants in arranging for approval of this Abatement Resolution and the Tax Abatement and Business Subsidy Agreement in accordance with the Tax Abatement Act.

3.02. The Abatement is hereby approved and adopted subject to the following terms and conditions:

(a) The City will pay the Abatement in the amounts, at the times, and in accordance with the terms and conditions set forth in the Tax Abatement and Business Subsidy Agreement, the general form of which is attached hereto as Exhibit B.

(b) In accordance with Section 469.1813, subdivision 8 of the Tax Abatement Act, in no year shall the Abatement, together with all other abatements approved by the City under the Tax Abatement Act and paid in that year exceed the City's statutory tax abatement cap for that year (the "Abatement Cap"). The Abatement Cap is the greater of 10% of the City's Net Tax Capacity for that tax-payable year or \$200,000. The City may grant other abatements permitted under the Tax Abatement Act after the date of this Abatement, provided that to the extent the total abatements in any year exceed the Abatement Cap, the allocation of the abatements shall be as specified in the Tax Abatement and Business Subsidy Agreement.

(c) The Abatement will have a maximum term of 7 years, unless terminated or amended under the terms of the Tax Abatement and Business Subsidy Agreement or in accordance with State law.

(d) In accordance with Section 469.1815 of the Tax Abatement Act, the City will add to its levy in each year during the term of the Abatement the total estimated amount of current year Abatement granted under this Abatement Resolution.

(e) The City makes no warranties or representations regarding the amount or availability of the Abatement in any year or during the Abatement Period.

(f) The City's obligations for the Abatement approved by this Abatement Resolution and the Tax Abatement and Business Subsidy Agreement are contingent on continuing statutory authority under the Tax Abatement Act and Business Subsidy Act.

(g) Payment of the Abatement to the Developer is conditioned on and subject to the Tax Abatement and Business Subsidy Agreement, which addresses, among other things, the terms under which the Developer will construct the Project and the terms and conditions under which the City will provide the Abatement to the Developer. In the event of a conflict between this Abatement Resolution and the Tax Abatement and Business Subsidy Agreement, the terms of the Tax Abatement and Business Subsidy Agreement shall prevail.

3.03. The City Council hereby approves the Tax Abatement and Business Subsidy Agreement in substantially the form attached hereto as Exhibit B. The Mayor and City Manager are hereby authorized and directed to execute the Tax Abatement and Business Subsidy Agreement on behalf of the City. The execution of the Tax Abatement and Business Subsidy Agreement by the appropriate officers of the City shall be

conclusive evidence of the approval of the Tax Abatement and Business Subsidy Agreement in accordance with the terms hereof.

3.04. Terms used in this Abatement Resolution but not defined herein shall have the meanings given to them in the Tax Abatement and Business Subsidy Agreement or the Tax Abatement Act.

Section 4. Effective Date. This Abatement Resolution is effective upon its adoption and execution in full of the Tax Abatement and Business Subsidy Agreement.

Adopted this ____ day of _____, 2026.

Najwa Massad, Mayor

Attest:

Rena Kopischke, City Clerk

(SEAL)