NORTH BRANCH
——Minnesota——

ECONOMIC DEVELOPMENT AUTHORITY
REGULAR AGENDA
TUESDAY, JULY 21, 2026 @ 3:30 PM
CITY HALL, 6408 ELM STREET, NORTH BRANCH, MN 55056

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

4. PUBLIC COMMENT
   Provides an opportunity for the public to address the Council on items that are not on the Agenda. Please raise your hand to be recognized. Please state your name and address for the record. This section is for the express purpose of addressing concerns of City services and operations. It shall not be used to clarify individual's views for political purposes.

5. AGENDA APPROVAL
   a. Approve Agenda — ACTION

6. CONSENT AGENDA
   All matters listed under Consent Agenda are considered routine and/or non-controversial and will be approved by one motion. There will be no separate discussion of these items unless a Councilmember or citizen so requests, in which case the item will be removed from the Consent Agenda and considered in its normal sequence on the Agenda.
   a. Approval of June 16, 2026 EDA Meeting Minutes — ACTION

7. REPORTS
   a. Chisago County HRA-EDA Update — VERBAL UPDATE

b.	North Branch Area Chamber of Commerce Update	VERBAL UPDATE
c.	North Branch Area Schools Update	VERBAL UPDATE
d.	EDA Executive Director Update	VERBAL UPDATE
e.	Consider Approval of Resolution R-345-2026 approving the establishment of TIF District 2026-2 and adoption of the TIF Plan	ACTION
f.	2027 EDA Budget	ACTION
g.	Comprehensive Plan Update	INFO
h.	Storefront Facade Program - 6943 St Croix Trail	ACTION

8. NEXT MEETING - August 18, 2026 - 330PM

9. ADJOURNMENT

EDA Mission Statement.

To be proactive in maintaining and enhancing the economic viability of North Branch through partnerships, innovation, and strategic action.

EDA Goals:

- Successfully become one of the first communities in the region mentioned as a choice for business location.
- Attract new industries that bring an enhanced tax base, quality jobs, and new capital into the community.
- Support existing businesses and encourage their continued prosperity and growth.
- Address critical systems that influence site location decisions.

City of North Branch
Staff Report

Prepared By: Tonya Kostuch, City Clerk

Presenter: Nathan Sondrol, Community Development Director

Date: 06/09/2026

Board & Commission: Economic Development Authority

Subject: Approval of June 16, 2026 EDA Meeting Minutes

Approval of June 16, 2026 EDA Meeting Minutes

Voting Requirements:

Voting Options Simple Majority Super Majority

NORTH BRANCH
——Minnesota——

Sara Paul
Chair

Dennis Johnson
Vice Chair

Jessica Thelander
Commissioner

Marshall Saunders
Commissioner

Patrick Meachem
Councilmember

Cassie Keocher
Commissioner

Kevin Schieber
Mayor

ECONOMIC DEVELOPMENT AUTHORITY
REGULAR AGENDA
TUESDAY, JUNE 16, 2026 @ 3:30 PM
CITY HALL, 6408 ELM STREET, NORTH BRANCH, MN 55056

MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL OF THE CITY OF NORTH BRANCH IN THE COUNTY OF CHISAGO AND IN THE STATE OF MINNESOTA

REGULAR MEETING

Tuesday, June 16, 2026

1. CALL TO ORDER

Chair Sara Paul called the Economic Development Authority Meeting to order at 3:30 PM.

2. PLEDGE OF ALLEGIANCE

City Administrator Matthew Hill led the Pledge of Allegiance.

3. ROLL CALL

Present: Mayor Kevin Schieber, Commissioner Marshall Saunders, Councilmember Patrick Meacham, Commissioner Sara Paul, Commissioner Dennis Johnson, Commissioner Jes Thelander, Commissioner Cassie Keocher

Absent:

Remote:

Others Present:

Notes:

4. PUBLIC COMMENT

Provides an opportunity for the public to address the Council on items that are not on the Agenda. Please raise your hand to be recognized. Please state your name and address for the record. This section is for the express *purpose of addressing concerns of City services and operations. It shall not be used to clarify individual's views for political purposes.*

5. AGENDA APPROVAL

a. Approve Agenda ACTION

Community Development Director Nate Sondrol requested to add 7(i) under Reports, Gustafson Excavating Contract Change Order.

Motion to approve the added agenda item.

RESULT: **Passed**
MOVER: **Dennis Johnson**
SECONDER: **Jessica Thelander**
AYES: **Kevin Schieber, Marshall Saunders, Patrick Meacham, Sara Paul, Dennis Johns Jessica Thelander, Cassie Keocher**
ABSENT:
NOTES:

Motion to Approve Agenda.

RESULT: **Passed**
MOVER: **Dennis Johnson**
SECONDER: **Marshall Saunders**
AYES: **Kevin Schieber, Marshall Saunders, Patrick Meacham, Sara Paul, Dennis Johns Jessica Thelander, Cassie Keocher**
ABSENT:
NOTES:

6. CONSENT AGENDA

All matters listed under Consent Agenda are considered routine and/or non-controversial and will be approved by one motion. There will be no separate discussion of these items unless a Councilmember or citizen so requests, in which case the item will be removed from the Consent Agenda and considered in its normal sequence on the Agenda.

a. Approval of May 19, 2026 EDA Meeting Minutes ACTION

Motion for Approval of May 19, 2026, EDA Meeting Minutes.

RESULT: **Passed**
MOVER: **Dennis Johnson**
SECONDER: **Jessica Thelander**
AYES: **Kevin Schieber, Marshall Saunders, Patrick Meacham, Sara Paul, Dennis Johns Jessica Thelander, Cassie Keocher**
ABSENT:

NOTES:

7. REPORTS

a. Chisago County HRA-EDA Update — VERBAL UPDATE

The Chisago County HRA-EDA Executive Director presented the Chisago County HRA-EDA Update. The Chisago County HRA-EDA is working on its strategic plan, which will include sending surveys to other EDA staff in cities and to stakeholders so the HRA-EDA can determine how to help the cities and incorporate those findings into the strategic plan. On 06/18/26, there is a full-day Business Legacy and Ownership Summit in Braham. The HRA-EDA has approved more building improvement grants, one of which is at Tailgaters, a different portion of which will have pizza and ice cream for kids and families.

b. North Branch Area Chamber of Commerce Update — VERBAL UPDATE

Community Development Director Nate Sondrol gave the North Branch Area Chamber of Commerce update. The Chamber of Commerce Golf Tournament is on Thursday, June 18th, at Grand Casino in Hinckley.

c. North Branch Area Schools Update — VERBAL UPDATE

Chair Sara Paul gave the North Branch Area Schools Update. The North Branch School District celebrated the successful launch of the Maximizing Impact Endowment Fund's first annual golf tournament. It was a great success, with strong community participation. Chair Sara Paul said she appreciated the support provided by City Staff and others through donations. Chair Sara continued by saying she is grateful to live in a community that values and honors those who have served our country. As we look ahead to significant milestones, including our nation's upcoming anniversary and a major Midsummer Nights celebration, it's important to recognize the individuals who make these traditions possible. Anyone who has attended a patron tour has seen our students proudly recite the Pledge of Allegiance, demonstrating a genuine appreciation for the sacrifices made by those who have served. It's inspiring to be part of a community that takes such pride in celebrating both our country and the people who make it strong.

d. EDA Executive Director Update — VERBAL UPDATE

Community Development Director Nate Sondrol gave the EDA Executive Director Update. One item to note is the West Side Commons project. The developer presented their TIF request to the Council, and after discussing several options, the Council supported constructing the full road section. The approved term sheet includes a 20-year TIF, 107 housing units, and 20 units affordable at 50% AMI. While the term sheet is non-binding, a public hearing is scheduled for July 22, and notices will be sent to invite EDA members to attend. Other updates include the community mural project, which received storefront grant funding and is moving forward with student participation on June 18.

The LP groundbreaking is scheduled for June 23 at 10:00 a.m. The City did go out for bids for the extension of Fletcher Avenue for the street utilities. They were very favorable bids. They ended up coming in at 3.2 million. The engineering adjustment was at 4.4 million. It's going to allow for the extension of Goodview Avenue, so not just having this section from Fletcher and connecting the other cul-de-sac, we're going to be able to extend Goodview up to the southern end, and that's going to allow for those additional 1 and 2-acre parcels.

Staff also attended BRE training through the University of Minnesota and are exploring a business retention and expansion initiative in partnership with local organizations, with the goal of forming a subcommittee and developing a future work plan.

e. Storefront Facade Program ACTION

Community Development Director Nate Sondrol gave the Storefront Facade Program Update.

The North Branch EDA established the Storefront Façade Improvement Program in 2024 to foster the rehabilitation of historic structures, as well as guide possible new construction, along Main Street in Downtown North Branch. The current program provides Forgivable loans
ranging from $5,000 to $25,000; a (5) Five-year forgiveness period and a 50 percent private match requirement.

Five (5) projects have been approved to date, including: Merchants Café; MN Home Guys; Acoustic Ave North Branch Barbers Hungry Farmer with a total amount awarded to date of $83,090.61.

As the program continues to evolve, staff is seeking feedback from the EDA regarding potential updates to the policy and addressing the following items:

1. Application Process
2. Evaluation/Scoring Criteria
3. Transfer/Sale Situations
4. Multiple Storefronts and Repeat Applications
5. Geographic Eligibility
6. Program Goals

Discussion Items

1) Application Process

Applications are currently being reviewed on a first come, first served annual basis.

- Should applications continue to be accepted year-round?
- Should applications be reviewed monthly, quarterly, or on another schedule?
- Should funding continue to be awarded on a first-come, first-served basis?
- Should applications be evaluated competitively if funding requests exceed available resources?
- How should the program address requests received after annual funding has been exhausted?

2) Evaluation Criteria

Currently, applications are generally reviewed for eligibility and compliance with program requirements. Should a formal evaluation criteria be established to prioritize projects and, if so, how to weigh the factors?

Potential evaluation factors include:

- Historic significance of the building
- Visibility and contribution to community image
- Economic impact and investment potential
- Existing building condition

• ADA accessibility improvements
• Amount of private investment leveraged
• Vacancy reduction or business retention benefits
• Other?

3) Ownership Transfers and Property Sales

Staff has identified several situations that may warrant clarification regarding loan forgiveness and repayment requirements.

• Should exemptions be provided for:

  o LLC ownership restructuring
  o Estate transfers
  o Refinancing transactions
  o Family transfers

• Under what circumstances, if any, should repayment be required?

4) Multiple Storefronts and Repeat Applications

• Should a two-tenant building be eligible for one award or separate awards for each storefront?
• Should a maximum award amount be established per building or property owner?
• Should previous recipients be eligible to apply for additional funding?
• If repeat applications are allowed, should a waiting period be required between awards?

5) Geographic Eligibility

• Should the program continue to focus primarily on Downtown properties?
• Should eligibility be expanded to include the broader Central Business District?
• Should all commercially zoned properties be eligible?
• Are there specific commercial corridors or redevelopment areas that should be prioritized?

6) Program Goals

• Is the primary purpose of the program downtown revitalization, economic development, historic preservation, business retention, or a combination of these objectives?

• Are the program requirements aligned with the desired outcomes?
• How should we evaluate the program's success?

Commissioner Cassie Keocher drafted a proposal and researched other EDA's and programs. Commissioner Keocher gave some suggestions to move forward, such as establishing an initial application deadline with a guaranteed response timeline. For example, applications submitted by the April meeting would receive a decision by the May meeting, allowing businesses to plan projects with certainty. Applications submitted after that deadline would still be considered, subject to meeting schedules, agenda capacity, and available funding, but without a guaranteed response date. This approach provides structure for businesses while maintaining flexibility to address new opportunities, emerging issues, and community needs throughout the year.

Commissioner Keocher also recommends setting a final application deadline, potentially by the November meeting, to allow sufficient time for administrative processing and year-end budget considerations.

Regarding eligibility, maybe maximize the number of businesses that can benefit from the program while preserving its primary intent. During the initial application period, funding should prioritize businesses that meet the established criteria, such as location and building age requirements. If funds remain available after that review period, eligibility could be expanded to consider businesses outside the district or those that do not fully meet the original criteria.

In those cases, applications could be evaluated using a scoring system that considers factors such as project impact, urgency, business readiness, feasibility, available funding, and alignment with program priorities. Businesses meeting the original eligibility criteria would continue to receive priority consideration, but this framework would provide flexibility to support worthwhile projects that otherwise would not qualify. The goal is not to make all businesses eligible, but to create a process that allows the committee to consider exceptional cases where support would provide meaningful community or economic benefit.

Commissioner Keocher was going to send notes for follow-up, and the feedback could be taken into consideration to bring this back to the EDA for further discussion.

f. Market Area Profile ACTION

Community Development Director Nate Sondrol presented the Market Area Profile.

Over the past year, Chisago County and the City of North Branch partnered with the University of Minnesota Extension to complete a Retail Trade Analysis for Chisago County and the City of North Branch. The study evaluated consumer spending patterns, retail leakage and surplus, market trends, and opportunities for business expansion and recruitment throughout Chisago County.

Chisago County HRA/EDA is in the process of continuing those efforts with the University of Minnesota and will be working on the next phase to complete a Market Area Profile throughout the county. The MAP will be broken down into 5 sectors of the county, including North Branch. The Market Area Profile will provide economic tools that can be utilized by the EDA, Chambers of Commerce, and businesses throughout the county.

Chisago County will be holding a summit on July 13, 2026, from 1130am -130pm in North Branch.

The summit will provide an overview of the University of Minnesota Extension's Market Area Profiles and discuss how communities can use the information to:

• Identify retail recruitment opportunities.
• Support expansion of existing businesses.
• Better understand local consumer spending patterns.
• Guide economic development marketing efforts.
• Inform future business attraction and retention strategies.

Participants will also review upcoming consumer and business surveys and provide input regarding local priorities and economic development needs. RSVP is by July 7th.

g. Comprehensive Plan Update INFO

Community Development Director Nate Sondrol gave an update regarding the Comprehensive Plan. Director Sondrol discussed that we're looking at having a work session, possibly on Wednesday, July 22nd, to compile all of the comp plans, get review consideration for each of the groups, and then there would be a public hearing.

- Speed to Market
- Strategic Growth
- Public-Private Partnerships
- Infrastructure Readiness
- Business Friendly

Modify: Goal 2 - Create a Predictable and Business-Friendly Development Environment
Add: Goal 4 - Leverage Partnerships to Advance Economic Development
Add: Goal 5 - Support Growth that Enhances Quality

July 22, 2026 at 6pm the City Council Work Session for full review
Staff are working on compiling the updates and will have them available for discussion at the meeting.

h. 2027 EDA Budget ACTION

Community Development Director Nate Sondrol shared a copy of the general budget for 2027. Director Sondrol mentioned that the EDA should have a conversation at the July meeting, as we need to have the initial lists that we'd like to try and include in the 2027 budget. Are there any specific items that we need to plan to move forward? Mayor Schieber asked if there are any carryover balances from the expense categories that we can carry year to year. Director Sondrol said he would talk to the Finance Director.

i. Gustafson Excavating Contract Change Order ACTION

Community Development Director presented the Gustafson Excavating Contract Change Order for the LP demo site. The change order is $21,350 for asbestos and regulated material abatement and tower removal.

Motion to approve change order #1 to the demo agreement with Gustafson Excavation, not to exceed $21,350.

RESULT:	**Passed**
MOVER:	**Jessica Thelander**
SECONDER:	**Marshall Saunders**
AYES:	**Kevin Schieber, Marshall Saunders, Patrick Meacham, Sara Paul, Dennis Johns Jessica Thelander, Cassie Keocher**
ABSENT:	
NOTES:	

8. NEXT MEETING - July 21, 2026 - 3:30 PM

9. ADJOURNMENT

The Economic Development Authority Meeting adjourned at 4:43 PM.

RESULT:	**Passed**
MOVER:	**Patrick Meacham**
SECONDER:	**Jessica Thelander**
AYES:	**Kevin Schieber, Marshall Saunders, Patrick Meacham, Sara Paul, Dennis Johns Jessica Thelander, Cassie Keocher**

ABSENT:
NOTES:

City of North Branch
Staff Report

Prepared By: Nathan Sondrol, Community Development Director

Presenter:

Date: 07/16/2026

Board & Commission:

Subject: Chisago County HRA-EDA Update

Chisago County HRA-EDA Update

Voting Requirements:

NORTH BRANCH

City of North Branch
Staff Report

Prepared By: Nathan Sondrol, Community Development Director

Presenter: Nathan Sondrol, Community Development Director

Date: 07/16/2026

Board & Commission:

Subject: North Branch Area Chamber of Commerce Update

North Branch Area Chamber of Commerce Update

Below is a link to the January 2026 Chamber update

https://vimeo.com/1154409513?fl=pl&fe=sh

Voting Requirements:

City of North Branch
Staff Report

Prepared By: Nathan Sondrol, Community Development Director

Presenter: Nathan Sondrol, Community Development Director

Date: 07/16/2026

Board & Commission:

Subject: North Branch Area Schools Update

North Branch School Update

Voting Requirements:

NORTH BRANCH

City of North Branch
Staff Report

Prepared By: Nathan Sondrol, Community Development Director

Presenter: Nathan Sondrol, Community Development Director

Date: 07/16/2026

Board & Commission:

Subject: EDA Executive Director Update

The EDA Executive Director will provide an update at the meeting

Voting Requirements:

City of North Branch
Staff Report

Prepared By: Nathan Sondrol, Community Development Director

Presenter: Nathan Sondrol, Community Development Director

Date: 07/16/2026

Board & Commission: Economic Development Authority

Subject: Consider Approval of Resolution R-345-2026 approving the establishment of TIF District 2026-2 and adoption of the TIF Plan

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Overview / Background

The City received an application request for Tax Increment Financing (TIF) assistance from North Branch Independent Senior Living, LLC for the construction of a 107-unit multifamily senior independent residential development in North Branch. The proposed project is planned for the area located on the west side of Falcon Avenue south of the extension of 386th St. The property in consideration is currently utilized as vacant land that is zoned Business and guided as High Density Residential and an Independent Senior Community is a permitted use.

The developer, along with Ehlers, the city's financial advisor, and city staff, provided an overview and background relating to the project, TIF districts and preliminary findings to the City Council at their meeting on April 28, 2026. The City Council discussed this and came to a consensus for the developer to bring options back to the council for consideration. The developer presented 2 options to the City Council for consideration at the May 27, 2026 meeting and the City Council provided a consensus (3-2) of support for an option that included support for a 20 year TIF along with funding assistance from the city in the amount of $258,052 from development fee credits and SAHA funding to construct the full "L" from Hwy 95 to 386th Street with the understanding of no changes to the terms.

The City Council approved (3-2) Resolution R-339-2026 that approved a term sheet for the facility on June 10, 2026. See attached.

City staff are currently working with the developer on the Preliminary Plat, Final Plat and Site Plan approval and associated agreements.

TIF Request

The Applicant requested TIF in the amount of $2,890,000 to facilitate the Development. Upon analysis, Ehlers and City staff recommended a cap of $2,890,000; the District has a projected maximum duration of twenty (20) years. State Statute establishes a maximum, 26-year duration for an Economic Development Districts. EDA recommended approval of a term sheet, noting the amount and duration, and recommend creation of the TIF District to the City Council. State Statute requires the City Council to conduct all required the public hearing and establish TIF Districts. The notice was published and sent to the School District and Chisago County, as required by State Statute. The hearing was scheduled for July 22, 2026.

Developers seeking financial assistance (i.e. TIF) from the City submit an application and pay applicable fees, and provide financial documents for City staff review. The City works with municipal advisor Ehlers & Associates to determine project eligibility, review the level of financial support requested, and analyze those requests in comparison to the financial report(s) and business plan(s) submitted by the requestor, and provide a recommendation as to the level of assistance. Ehlers, in concert with legal counsel Taft Law, assists the City in setting up the TIF district. The creation of such districts follows State Statute. Effectively, there are three (3) different types of TIF districts: Economic Development, Redevelopment and Housing. As noted above, the proposed Development qualifies under a Housing TIF District, which bears a potential statutory 26-year maximum term.

The attached documents include the proposed resolution, creating the TIF District and authorizing the City to execute the TIF Development Agreement, and the TIF Plan and Agreement.

To date, the City has not received any written or verbal public comments specific to the TIF request. Upon completion of the public hearing, City staff and Ehlers are recommending approval of the TIF District.

Staff Recommendation

City staff recommend completing the public hearing as required by State Statute and provide a recommendation on Resolution R-345-2026

Requested City Council Action

Motion to approve Resolution R-345-2026 approving the modification to the Development Program for Development District No.1; Establishing Tax Increment Financing District No. 2026-2 within Development District No. 1; Approving the Tax Increment Financing Plan therefor and authorizing the Execution and approval of the development agreement between the City of North Branch and North Branch Independent Senior Living, LLC, substantially in the forms presented to the Council.

Voting Requirements:

Voting Options **Simple Majority Super Majority**

Adoption Date: July 22, 2026

City of North Branch

Chisago County, Minnesota

MODIFICATION TO THE DEVELOPMENT PROGRAM

Development District No. 1

&

Tax Increment Financing (TIF) Plan

Establishment of Tax Increment Financing District 2026-2:
North Branch Independent Senior Living
(a housing district)

EHLERS
PUBLIC FINANCE ADVISORS

Prepared by:

Ehlers
3001 Broadway Street, Suite 320
Minneapolis, Minnesota 55413

BUILDING COMMUNITIES. IT'S WHAT WE DO.

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Modification to the Development Program for Development District No. 1

FOREWORD

The following text represents a Modification to the Development Program for Development District No. 1. This modification represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 1. Generally, the substantive changes include the establishment of Tax Increment Financing District 2026-2: Senior Housing.

For further information, a review of the Development Program for Development District No. 1, is recommended. It is available from the Community Development Director at the City of North Branch. Other relevant information is contained in the tax increment financing plans for the tax increment financing districts located within Development District No. 1.

Tax Increment Financing Plan for Tax Increment Financing District 2026-2: North Branch Independent Senior Living

FOREWORD

The City of North Branch (the "City"), staff and consultants have prepared the following information to expedite the establishment of Tax Increment Financing District 2026-2: North Branch Independent Senior Living (the "District"), a housing tax increment financing district, located in Development District No. 1.

STATUTORY AUTHORITY

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the City has certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.124 - 469.133*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "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 Development District No. 1.

STATEMENT OF OBJECTIVES

The District currently consists of two parcels of land and adjacent roads and internal rights-of-way. The District is being created to facilitate the development of 107 units of mixed income rental housing in the City. The City has designated North Branch Independent Senior Living as the developer. Development is anticipated to begin in Fall 2026. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Development District No. 1.

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 Development District No. 1 and the District.

DEVELOPMENT PROGRAM OVERVIEW

Pursuant to the Development Program and authorizing state statutes, the 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 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 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 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 roads rights-of-way and abutting roadways identified by the parcel listed below.

Parcel number	Address	Owner
11.00399.05	Unassigned	GS2

Note: Parcel 11.00399.05 will be subdivided prior to development. A new parcel number is not available at the time the District is being established.

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

The 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 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 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.

DISTRICT CLASSIFICATION

The 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, finds 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 two parcels
- The development will consist of 107 units of multi-family rental housing
- 20% of the units will be occupied by person with incomes less than 50% of area median income
- No more that 20% 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 & FIRST YEAR OF DISTRICT’S TAX INCREMENT

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 may be 25 years after receipt of the first increment by the City (a total of 26 years of tax increment). The City has elected to reduce the term of the District to 20 years after receipt of the first increment. The City also elects to receive the first tax increment in 2028, 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 City reserves the right to decertify the District prior to the legally required date.

ORIGINAL TAX CAPACITY, TAX RATE & ESTIMATED CAPTURED NET TAX CAPACITY VALUE/INCREMENT & 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 2026 for taxes payable 2027.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2028) 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 City.

The original local tax rate for the District will be the local tax rate for taxes payable 2027, assuming the request for certification is made before June 30, 2027. The rates for 2027 were not available at the time the District was established. 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 Development District No. 1, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The City requests 100% of the available increase in tax capacity be used for repayment of the obligations of the City and current expenditures, beginning in the tax year payable 2028. The Project Tax Capacity listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity		
Development estimated Tax Capacity upon completion	372,407	
Original estimated Net Tax Capacity	7,842	
Estimated Captured Tax Capacity	**364,566**	
Original Local Tax Rate	115.1010%	Pay 2026
Estimated Annual Tax Increment	**$419,619**	
Percent Retained by the City	100%	

Note: Tax capacity includes a 3% annual 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 20. The tax capacity of the District in year one is estimated to be $54,688.

Pursuant to *M.S., Section 469.177, Subd. 4*, the City 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 determined no 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	$6,184,096
Interest	618,410
TOTAL	**$6,802,506**

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The City reserves the right to issue bonds (as defined in the TIF Act) or incur 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 modification to this TIF Plan. This provision does not obligate the City to incur debt.

The City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The City may issue bonds secured in whole or in part with tax increments from the District in a maximum principal amount of $3,819,523. 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 107 units of mixed income rental housing. The City has determined that it will be necessary to provide assistance to the project for certain District costs, as described herein.

The City 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	$ 800,000
Site Improvements/Preparation	1,000,000
Affordable Housing	-
Utilities	-
Other Qualifying Improvements	1,710,318
Administrative Costs (up to 10%)	309,205
PROJECT COSTS TOTAL	**$ 3,819,523**
Interest	2,982,983
PROJECT AND INTEREST COSTS TOTAL	**$ 6,802,506**

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 the 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 City 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 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	2025/Pay 2026 Total Net Tax Capacity	CTC upon completion	CTC to Entity Total
Chisago County	102,209,072	364,566	**0.3567%**
City of North Branch	17,620,800	364,566	**2.0689%**
ISD 138 (North Branch Area Public Schools)	32,631,734	364,566	**1.1172%**

Impact on Tax Rates				
Entity	Pay 2026 Extension Rate	Percent of Total	CTC	Potential Taxes
Chisago County	50.8260%	44.16%	364,566	**$ 185,294**
City of North Branch	39.1930%	34.05%	364,566	**142,884**
ISD 138 (North Branch Area Public Schools)	20.7180%	18.00%	364,566	**75,531**
Other	4.3640%	3.79%	364,566	**15,910**
	115.1010%	**100.00%**		**$ 419,619**

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2026 rate. The total net capacity for the entities listed above are based on Pay 2026 figures. The District will be certified under the Pay 2027 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 $6,184,096;

(2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. With any addition of new residents or businesses, police calls for service will be increased. The Police Department anticipates approximately 70-85 new calls for service annually. 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. The Fire Department anticipates approximately 8-10 additional calls per year. 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. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. The development in the District is expected to contribute an estimated $347,038 in sanitary sewer (SAC) and water (WAC) connection fees.

The City does anticipate extending the street approximately one-third mile to support the development with an estimated cost of $1,700,000, including sanitary, storm and water expenses. This cost will extend access to adjacent parcels, and will not be paid with tax increment.

Additional plowing costs are estimated at $3,000 annually; street maintenance is estimated at $1,300 annually, sidewalk maintenance is estimated at $800 annually; and street lighting is estimated at $2,800 annually.

The probable impact of the issuance of any general obligation tax increment bonds payable from tax increment revenues from the District on the City's 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 $1,113,128;

(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 $2,730,757;

(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.

COUNTY ROAD COSTS

Pursuant to *M.S., Section 469.175, Subd. 1a*, the County Board may require the City to pay for all or part of the cost of county road improvements if the proposed development to be assisted by tax increment will, in the judgment of the County, substantially increase the use of county roads requiring construction of road improvements or other road costs and if the road improvements are not scheduled within the next five years under a capital improvement plan or another county plan.

If the County elects to use increments to improve county roads, it must notify the City within 45 days of receipt of this TIF Plan. In the opinion of the City and consultants, the proposed development outlined in this TIF Plan will have little or no impact upon county roads, therefore the TIF Plan was not forwarded to the county 45 days prior to the public hearing. The City is aware that the County could claim that tax increment should be used for county roads, even after the public hearing.

ADMINISTRATIVE EXPENSES

In accordance with *M.S., Section 469.174, Subd. 14*, administrative expenses means all expenditures of the City, including but not limited to:

(1) amounts paid for services provided by bond counsel, fiscal consultants, and economic development consultants;

(2) allocated expenses and staff time of the authority or municipality for administering a project, including but not limited to preparing the tax increment financing plan, negotiating and preparing agreements, accounting for segregated funds of the district, preparing and submitting required reporting for the district, and reviewing and monitoring compliance with *M.S. Sections 469.174 to 469.1794;*

(3) amounts paid to publish annual disclosures and provide notices under section *M.S. Section 469.175;*

(4) amounts to provide for the usual and customary maintenance and operation of properties purchased with tax increments, including necessary reserves for repairs and the cost of any insurance;

(5) amounts allocated or paid to prepare a development action response plan for a soils condition district or hazardous substance subdistrict; and

(6) amounts used to pay bonds, interfund loans, or other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (5).

Administrative expenses and administrative costs do not include:

(1) amounts paid for the purchase of land or buildings;

(2) amounts paid to contractors or others providing materials and services directly connected with the physical development of the real property in the project, including architectural and engineering services and materials and services for demolition, soil correction, and the construction or installation of public improvements;

(3) relocation benefits paid to or services provided for persons residing or businesses located in the project;

(4) amounts paid for property taxes or payments in lieu of taxes; and

(5) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to *M.S. Section 469.178* or other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (4).

This definition does not apply to administrative expenses or administrative costs referenced under *M.S. Section 469.176, Subd. 4h.*

Tax increments may be used to pay for the County's actual administrative expenses. The County may require payment of those expenses by February 15 of the year after the year in which the expenses are incurred. The amount of these payments is not required to be set forth in the tax increment financing plan for the project. To obtain payment for actual administrative costs, the County Auditor must submit to the authority a record of costs incurred by the county auditor related to administration of the authority's tax increment financing districts.

The County Treasurer shall deduct an amount (currently 0.36 percent) of any increment distributed to the City, and the County Treasurer shall pay the amount deducted to the State Treasurer for deposit in the State General Fund to be appropriated to the State Auditor for the cost of financial reporting of tax increment financing information and the cost of examining and auditing authorities' use of tax increment financing. This amount may be adjusted annually by the Commissioner of Revenue.

ANNUAL DISCLOSURE REQUIREMENTS

The City must undertake financial reporting for all tax increment financing districts to the Office of the State Auditor, County Board and County Auditor on or before August 1 of each year. An annual statement shall be published in a newspaper of general circulation in the City on or before August 15.

If the City fails to make a disclosure or submit a report, the Office of the State Auditor (OSA) will direct the County Auditor to withhold the distribution of tax increment from the TIF District.

SUPPORTING DOCUMENTATION

Pursuant to *M.S., Section 469.175, Subd. 1 (a), clause 7* this 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 District and Appendix C. Following is a list of reports and studies on file at the City that support the findings:

   a. TIF Application dated April 1, 2026
   b. Council presentations on April 28, 2026
   c. Site plans and master layouts dated April 2026

(i) A comparative analysis of estimated market value both with and without establishment of the 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 District and the use of tax increments.

DISTRICT ADMINISTRATION

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

Appendix A: Project Description and Legal Description

Tax Increment Financing District No. 2026-2 is being created to facilitate the development of an anticipated 107 units of mixed income independent senior housing for residents age 55 and over. At least 20% of the units will be available to persons at or below 50% area median income for at least 20 years.

Up to $2,890,000 in tax increment assistance will be provided through issuance of a pay-as-you-go note to reimburse for eligible expenses. In addition, $120,213 in SAHA funds will be provided by the City.

Development will include construction of the “Full L” connection, which will connect Highway 95 to 386th Street.

Construction is anticipated to begin in the Fall 2026.

Appendix B: Map of Development District No. 1 and the TIF District

DBS Housing Proposal. 3% Inflation

City of North Branch, MN

107 Units Senior Rental Housing

EHLERS
PUBLIC FINANCE ADVISORS

ASSUMPTIONS AND RATES

DistrictType:	**Housing**	
District Name/Number:		
County District #:		
First Year Construction or Inflation on Value	**2026**	
Existing District - Specify No. Years Remaining	**20**	
Inflation Rate - Every Year:	**3%**	
Interest Rate:	**6.50%**	
Present Value Date:	**1-Aug-27**	
First Period Ending	1-Feb-28	
Tax Year District was Certified:	**Pay 2026**	
Cashflow Assumes First Tax Increment For Development:	2028	
Years of Tax Increment	20	
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:	115.101%	Pay 2026
Current Local Tax Rate: (Use lesser of Current or Max.)	115.101%	Pay 2026
State-wide Tax Rate (Comm./Ind. only used for total taxes)	28.3130%	Pay 2026
Market Value Tax Rate (Used for total taxes)	0.07997%	Pay 2026

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	$100,000	0.25%
	Over	$100,000	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	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
1	11.00399.05	GS2		1,046,800		1,046,800	21%	225,038	Payable 2026	C/I Pref.	3,751	Rental	2,813	
				1,046,800	**0**	**1,046,800**		**225,038**			**3,751**		**2,813**	

Note:

1. Base values are for preliminary Pay 2026 based on review of County website on November 26, 2025.

2. Located in SD #138.

DBS Housing Proposal. 3% Inflation

City of North Branch, MN

107 Units Senior Rental Housing

EHLERS PUBLIC FINANCE ADVISORS

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 Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2026	Percentage Completed 2027	Percentage Completed 2028	Percentage Completed 2029	First Year Full Taxes Payable
1	Apartments	159,690	159,690	107	17,086,777	Rental	213,585	1,996	25%	100%	100%	100%	2029
TOTAL					17,086,777		213,585						
Subtotal Residential				107	17,086,777		213,585						
Subtotal Commercial/Ind.				0	0		0						

Note:

1. Market values are based upon email from County Assessor dated February 10, 2026.

TAX CALCULATIONS

New Use	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
Apartments	213,585	0	213,585	245,838	0	0	13,664	259,502	2,425.26
TOTAL	213,585	0	213,585	245,838	0	0	13,664	259,502	

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	259,502
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(13,664)
less Base Value Taxes	(3,238)
Annual Gross TIF	242,600

DBS Housing Proposal. 3% Inflation

City of North Branch, MN

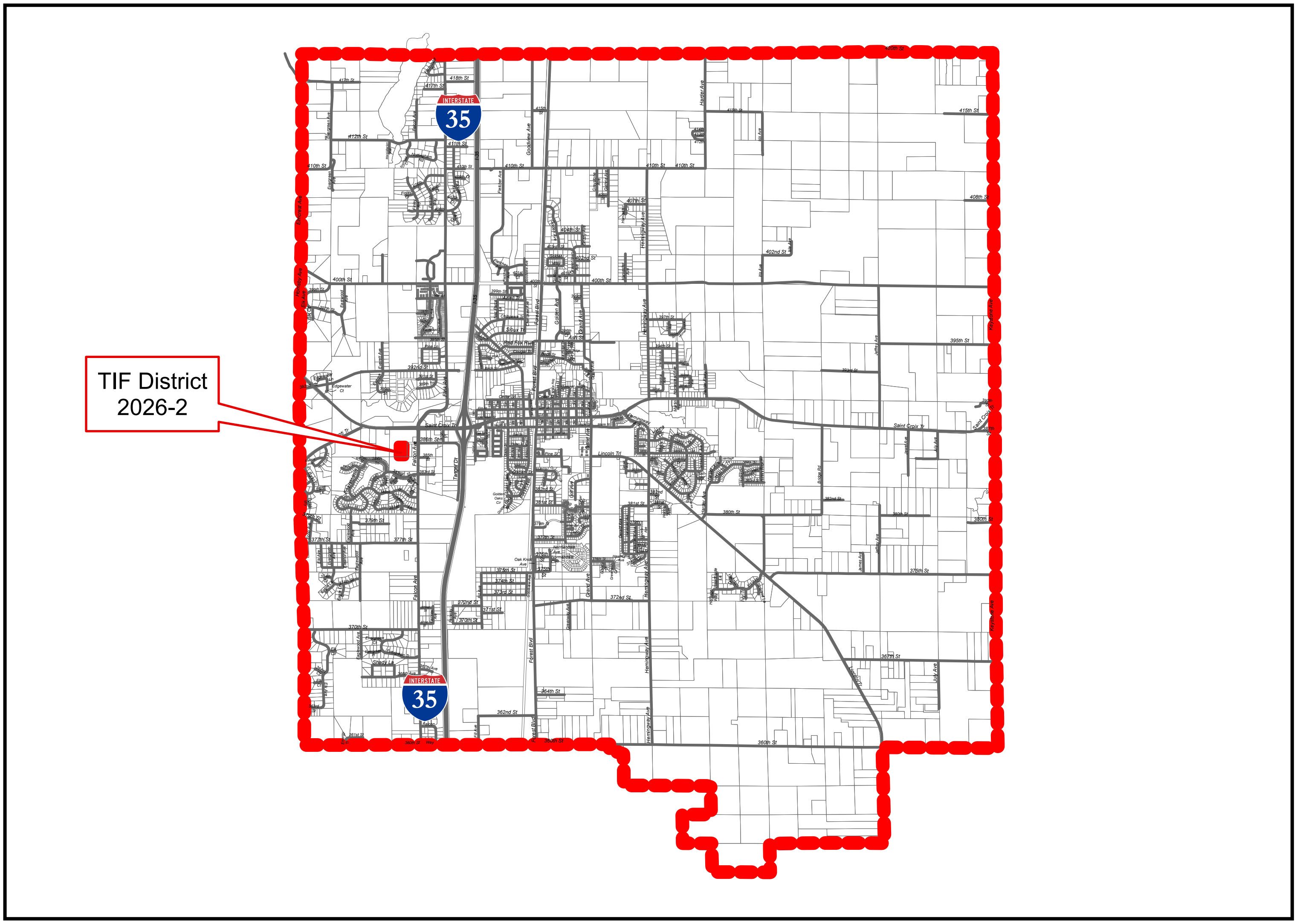
107 Units Senior Rental Housing

EHLERS PUBLIC FINANCE ADVISORS

TAX INCREMENT CASH FLOW

% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities NA	Captured Tax Capacity	Local	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 5%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
							-	-	-	-				02/01/28
100%	53,396	(2,813)	-	50,583	115.101%	58,222	29,111	(105)	(1,450)	27,556	25,848	0.5	2028	08/01/28
							29,111	(105)	(1,450)	27,556	50,883	1	2028	02/01/29
100%	213,585	(2,813)	-	210,772	115.101%	242,600	121,300	(437)	(6,043)	114,820	151,915	1.5	2029	08/01/29
							121,300	(437)	(6,043)	114,820	249,767	2	2029	02/01/30
100%	220,118	(2,813)	-	217,305	115.101%	250,120	125,060	(450)	(6,231)	118,380	347,476	2.5	2030	08/01/30
							125,060	(450)	(6,231)	118,380	442,110	3	2030	02/01/31
100%	226,852	(2,813)	-	224,039	115.101%	257,871	128,935	(464)	(6,424)	122,048	536,605	3.5	2031	08/01/31
							128,935	(464)	(6,424)	122,048	628,125	4	2031	02/01/32
100%	233,791	(2,813)	-	230,978	115.101%	265,858	132,929	(479)	(6,623)	125,828	719,511	4.5	2032	08/01/32
							132,929	(479)	(6,623)	125,828	808,019	5	2032	02/01/33
100%	240,942	(2,813)	-	238,129	115.101%	274,089	137,045	(493)	(6,828)	129,724	896,396	5.5	2033	08/01/33
							137,045	(493)	(6,828)	129,724	981,991	6	2033	02/01/34
100%	248,313	(2,813)	-	245,500	115.101%	282,573	141,286	(509)	(7,039)	133,739	1,067,458	6.5	2034	08/01/34
							141,286	(509)	(7,039)	133,739	1,150,234	7	2034	02/01/35
100%	255,909	(2,813)	-	253,096	115.101%	291,316	145,658	(524)	(7,257)	137,877	1,232,886	7.5	2035	08/01/35
							145,658	(524)	(7,257)	137,877	1,312,936	8	2035	02/01/36
100%	263,737	(2,813)	-	260,924	115.101%	300,326	150,163	(541)	(7,481)	142,141	1,392,864	8.5	2036	08/01/36
							150,163	(541)	(7,481)	142,141	1,470,276	9	2036	02/01/37
100%	271,804	(2,813)	-	268,991	115.101%	309,612	154,806	(557)	(7,712)	146,536	1,547,569	9.5	2037	08/01/37
							154,806	(557)	(7,712)	146,536	1,622,430	10	2037	02/01/38
100%	280,119	(2,813)	-	277,306	115.101%	319,182	159,591	(575)	(7,951)	151,066	1,697,175	10.5	2038	08/01/38
							159,591	(575)	(7,951)	151,066	1,769,568	11	2038	02/01/39
100%	288,687	(2,813)	-	285,874	115.101%	329,044	164,522	(592)	(8,196)	155,733	1,841,848	11.5	2039	08/01/39
							164,522	(592)	(8,196)	155,733	1,911,853	12	2039	02/01/40
100%	297,518	(2,813)	-	294,705	115.101%	339,209	169,604	(611)	(8,450)	160,544	1,981,749	12.5	2040	08/01/40
							169,604	(611)	(8,450)	160,544	2,049,445	13	2040	02/01/41
100%	306,619	(2,813)	-	303,806	115.101%	349,684	174,842	(629)	(8,711)	165,502	2,117,035	13.5	2041	08/01/41
							174,842	(629)	(8,711)	165,502	2,182,498	14	2041	02/01/42
100%	315,999	(2,813)	-	313,186	115.101%	360,480	180,240	(649)	(8,980)	170,612	2,247,857	14.5	2042	08/01/42
							180,240	(649)	(8,980)	170,612	2,311,159	15	2042	02/01/43
100%	325,665	(2,813)	-	322,852	115.101%	371,606	185,803	(669)	(9,257)	175,877	2,374,360	15.5	2043	08/01/43
							185,803	(669)	(9,257)	175,877	2,435,572	16	2043	02/01/44
100%	335,627	(2,813)	-	332,814	115.101%	383,072	191,536	(690)	(9,542)	181,304	2,496,687	16.5	2044	08/01/44
							191,536	(690)	(9,542)	181,304	2,555,878	17	2044	02/01/45
100%	345,894	(2,813)	-	343,081	115.101%	394,889	197,445	(711)	(9,837)	186,897	2,614,974	17.5	2045	08/01/45
							197,445	(711)	(9,837)	186,897	2,672,211	18	2045	02/01/46
100%	356,474	(2,813)	-	353,661	115.101%	407,068	203,534	(733)	(10,140)	192,661	2,729,355	18.5	2046	08/01/46
							203,534	(733)	(10,140)	192,661	2,784,700	19	2046	02/01/47
100%	367,379	(2,813)	-	364,566	115.101%	419,619	209,809	(755)	(10,453)	198,601	2,839,956	19.5	2047	08/01/47
							209,809	(755)	(10,453)	198,601	2,893,473	20	2047	02/01/48
	Total						**6,206,439**	**(22,343)**	**(309,205)**	**5,874,891**				
	Present Value From 08/01/2027			**Present Value Rate**	**6.50%**		**3,056,765**	**(11,004)**	**(152,288)**	**2,893,473**				

City of North Branch
Chisago County
Development District No. 1
Tax Increment Financing District 2026-2

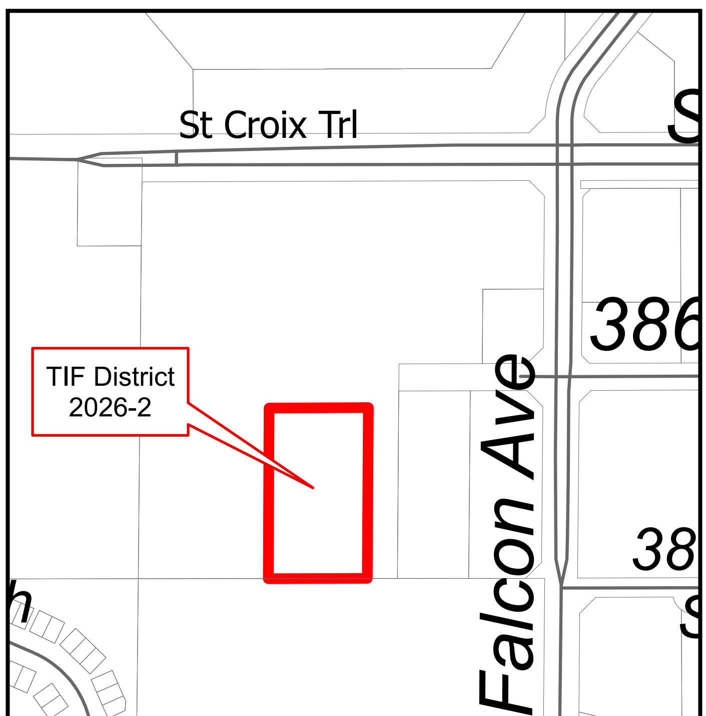


CITY OF
EST. 1881
NORTH BRANCH

Tax Increment Financing District 2026-2

Development District No. 1

The boundaries of Development District No. 1 are coterminous with the corporate boundaries of the City.



Appendix C: Estimated Cash Flow for the District

Appendix D: 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 2026-2: North Branch Independent Senior Living, as required pursuant to *Minnesota Statutes, (M.S.) Section 469.175, Subdivision 3* are as follows:

1. *Finding that Tax Increment Financing District 2026-2: North Branch Independent Senior Living is a housing district as defined in M.S., Section 469.174, Subd. 11.*

   Tax Increment Financing District 2026-2: Senior Housing consists of one parcel. The development will consist of the development of 107 units nof mixed income rental housing, all or a portion of which will receive tax increment assistance and will meet income restrictions described in *M.S. Section 469.1761.* At least 20% of the units receiving assistance will be occupied by individuals and families whose incomes are at or below 50% 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 the TIF Plan is a housing district that meets the City's objectives for development and redevelopment. The cost of land acquisition, site and public improvements and utilities makes this housing development infeasible without City assistance. Due to decreased rental income from affordable units, there is insufficient cash flow to provide a sufficient rate of return, pay operating expenses, and service the debt. This leaves a gap in the funding for the project and 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 proforma as justification that the Developer 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 District *permitted by the TIF Plan:* This finding is justified on the grounds that the cost of land acquisition, site and public improvements, utilities and construction of affordable housing add to the total development cost. Historically, the costs of site and public improvements as well as reduced rents required for affordable workforce housing in the City have made development infeasible without tax increment assistance. The City reasonably determines that no other development of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

3. *Finding that the TIF Plan for Tax Increment Financing District 2026-2: Senior Housing 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 2026-2: Senior Housing will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Development District No. 1 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.

DEVELOPMENT AGREEMENT

BY AND BETWEEN

THE CITY OF NORTH BRANCH, MINNESOTA

AND

NORTH BRANCH INDEPENDENT SENIOR LIVING, LLC

This document drafted by:

Taft Stettinius & Hollister LLP
2200 IDS Center
80 South 8th Street
Minneapolis, Minnesota 55402

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DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT, made as of the 22nd day of July, 2026, by and between the City of North Branch, Minnesota (the "City"), a municipal corporation organized and existing under the laws of the State of Minnesota and North Branch Independent Senior Living, LLC, a Minnesota limited liability company (the "Developer").

WITNESSETH:

WHEREAS, pursuant to Minnesota Statutes, Section 469.124 through 469.133, as amended, the City has formed Development District No. 1 (the "Development District") and has adopted a development program therefor (the "Development Program"); and

WHEREAS, pursuant to the provisions of Minnesota Statutes, Section 469.174 through 469.1794, as amended (hereinafter, the "Tax Increment Act"), the City has created within the Development District, Tax Increment Financing District No. 2026-2 (the "Tax Increment District"), and has adopted a tax increment financing plan therefor (the "Tax Increment Plan") which provides for the use of tax increment financing in connection with certain development within the Development District; and

WHEREAS, in order to achieve the objectives of the Development Program and Tax Increment Financing Plan and particularly to make the land in the Development District available for development by private enterprise in conformance with the Development Program, the City has determined to reimburse the Developer for a portion of certain costs of the construction of the Project (as herein defined) incurred by the Developer; and

WHEREAS, the City believes that the development and construction of the Project, and fulfillment of this Agreement are vital and are in the best interests of the City, the health, safety, morals and welfare of residents of the City, and in accordance with the public purpose and provisions of the applicable state and local laws and requirements under which the Project has been undertaken and is being assisted; and

WHEREAS, the requirements of the Business Subsidy Law, Minnesota Statutes, Section 116J.993 through 116J.995, do not apply to this Agreement because of an exemption for housing;

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE I.

DEFINITIONS

Section 1.1 Definitions. All capitalized terms used and not otherwise defined herein shall have the following meanings unless a different meaning clearly appears from the context:

Agreement means this Agreement, as the same may be from time to time modified, amended or supplemented;

Business Day means any day except a Saturday, Sunday or a legal holiday or a day on which banking institutions in the City are authorized by law or executive order to close;

Assessment Agreement means the agreement, in substantially the form of the agreement contained in Exhibit D attached hereto and hereby made a part of this Agreement, among the Developer, the City and the Assessor for the County, entered into pursuant to Article III of this Agreement;

Assessor's Minimum Market Value means the agreed minimum market value of the Development Property and for calculation of real property taxes as determined by the Assessor for the County pursuant to the Assessment Agreement;

City means the City of North Branch, Minnesota;

Compliance Certificate means the certificate of Continuing Program Compliance set forth in Exhibit E to the Declaration;

Consultant means the City's municipal advisor;

County means Chisago County, Minnesota;

Developer means North Branch Independent Senior Living, LLC, a Minnesota limited liability company, its successors and assigns;

Development District means the real property described in the Development Program for Development District No. 1;

Development Program means the development program approved in connection with the Development District;

Development Property means the real property legally described in Exhibit A attached to this Agreement;

Event of Default means any of the events described in Section 4.1 hereof;

Land Use Agreement means the agreement between the City and the Developer to be executed in connection with the filing of the plat for the Development Property, including particularly the Developer’s agreement to install roadway and infrastructure improvements at the

Developer's expense from State Trunk Highway 95 extending southerly then easterly to connect to 386th Street, consistent with the design, plans and specs approved by the City and MnDOT and subject to inspection by the City;

Legal and Administrative Expenses means the fees and expenses incurred by the City in connection with the review and analysis of the development proposed under this Agreement, the adoption and administration of the Tax Increment Financing Plan and establishment of the Tax Increment District, the preparation of this Agreement and the issuance of the TIF Note including, but not limited to, attorney and municipal advisor fees and expenses;

Note Payment Date means August 1, 2028, and each February 1 and August 1 of each year thereafter to and including February 1, 2048; provided, that if any such Note Payment Date should not be a Business Day, the Note Payment Date shall be the next succeeding Business Day;

Person means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof;

Prime Rate means the rate of interest from time to time publicly announced by U.S. Bank Trust Company, National Association in St. Paul, Minnesota, as its "prime rate" or "reference rate" or any successor rate, which rate shall change as and when that rate or successor rate changes;

Project means the construction of a mixed income independent senior living housing facility containing approximately 107-units;

Site Improvements means the site improvements to be undertaken on the Development Property as identified on Exhibit C attached hereto;

State means the State of Minnesota;

Tax Increment Act means Minnesota Statutes, Sections 469.174 through 469.1794, as amended;

Tax Increment District means Tax Increment Financing District No. 2026-2, located within the Development District, which was qualified as a housing district under the Tax Increment Act;

Tax Increment Financing Plan means the tax increment financing plan approved for the Tax Increment District by the City Council on July 22, 2026, and any future amendments thereto;

Tax Increment Note, TIF Note or Note means the Tax Increment Revenue Note (North Branch Independent Senior Living, LLC Project) to be executed by the City and delivered to the Developer pursuant to Article III hereof, the form of which is attached hereto as Exhibit B;

Tax Increments means 95% of the tax increments derived from the Development Property which have been received and retained by the City in accordance with the provisions of Minnesota Statutes, Section 469.177;

Termination Date means the earlier of (i) February 1, 2048, (ii) the date the TIF Note is paid in full, (iii) the date on which the Tax Increment District expires or is otherwise terminated, or (iv) the date this Agreement is terminated or rescinded in accordance with its terms; and

Unavoidable Delays means delays, outside the control of the party claiming its occurrence, which are the direct result of strikes, other labor troubles, unusually severe or prolonged bad weather, acts of God, fire or other casualty to the Project, delays in delivery of materials for the construction of the Project, litigation commenced by third parties which, by injunction or other similar judicial action or by the exercise of reasonable discretion, directly results in delays, or acts of any federal, state or local governmental unit (other than the City) which directly result in delays, government order or law, national or regional emergency, disease, pandemics or epidemics.

ARTICLE II.

REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties of the City. The City makes the following representations and warranties:

(1) The City is a municipal corporation and has the power to enter into this Agreement and carry out its obligations hereunder.

(2) Based on the representation of the Developer set forth herein, the Tax Increment District is a "housing district" within the meaning of Minnesota Statutes, Section 469.174, Subdivision 11, and was created, adopted and approved in accordance with the terms of the Tax Increment Act.

(3) The development contemplated by this Agreement is in conformance with the development objectives set forth in the Development Program.

(4) To finance certain costs within the Tax Increment District, the City proposes, subject to the further provisions of this Agreement, to apply Tax Increments to reimburse the Developer for a portion of the costs of the acquisition of the Development Property, the construction of Site Improvements and construction of the Project as further provided in this Agreement.

(5) The City makes no representation or warranty, either expressed or implied, as to the Development Property or its condition or the soil conditions thereon, or that the Development Property shall be suitable for the Developer's purposes or needs.

Section 2.2 Representations and Warranties of the Developer. The Developer makes the following representations and warranties:

(1) The Developer is a Minnesota limited liability company and has power to enter into this Agreement and to perform its obligations hereunder and is not in violation of the laws of the State.

(2) The Developer shall cause the Project to be constructed in accordance with the terms of this Agreement, the Development Program, the Land Use Agreement, and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, energy conservation, building code and public health laws and regulations) that are applicable to the Development Property.

(3) The Developer shall obtain, or cause to be obtained, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable local, state, and federal laws and regulations which must be obtained or met before the Project may be lawfully constructed.

(4) The construction of the Project would not be undertaken by the Developer, and in the opinion of the Developer would not be economically feasible within the reasonably foreseeable future, without the assistance and benefit to the Developer provided for in this Agreement.

(5) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provision of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which the Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(6) The Developer will cooperate fully with the City with respect to any litigation commenced with respect to the Project.

(7) The Developer will cooperate fully with the City in resolution of any traffic, parking, trash removal or public safety problems which may arise in connection with the construction and operation of the Project.

(8) The Developer shall commence construction of the Project by June 30, 2027, and barring Unavoidable Delays, the Project will be completed by June 30, 2029.

(9) The Developer acknowledges that Tax Increment projections contained in the Tax Increment Financing Plan are estimates only and the Developer acknowledges that it shall place no reliance on the amount of projected Tax Increments and the sufficiency of such Tax Increments to reimburse the Developer for a portion of the costs of the acquisition of the Development Property, the construction of Site Improvements and construction of the Project as provided in Article III.

ARTICLE III.

UNDERTAKINGS BY DEVELOPER AND CITY

Section 3.1 Development Property, Site Improvements, Project and Legal and Administrative Expenses.

(1) The parties agree that the acquisition of the Development Property and the installation of the Site Improvements are essential to the successful completion of the Project. The costs of the Development Property, construction of the Project, and the Site Improvements shall be paid by the Developer. The City shall reimburse the Developer for the lesser of (a) $2,890,000, or (b) a portion of the costs of the acquisition of the Development Property, costs of the Site Improvements and construction costs of the Project actually incurred and paid by the Developer (the "Reimbursement Amount"), as further provided in Section 3.3 hereof.

(2) The Developer shall reimburse the City for its actual out of pocket Legal and Administrative Expenses within 15 days of the written request of the City for payment.

Section 3.2 Limitations on Undertaking of the City. Notwithstanding the provisions of Sections 3.1, the City shall have no obligation to the Developer under this Agreement to reimburse the Developer for the Reimbursement Amount, if the City, at the time or times such payment is to be made is entitled under Section 4.2 to exercise any of the remedies set forth therein as a result of an Event of Default which has not been cured, provided that such unpaid amounts shall become payable if said Event of Default shall thereafter have been cured and if the Agreement has not been canceled or rescinded.

Section 3.3 Reimbursement: Tax Increment Revenue Note. The City shall reimburse the Developer for the costs identified in Section 3.1(1) through the issuance of the City's TIF Note in substantially the form attached to this Agreement as Exhibit B, subject to the following conditions:

(1) The TIF Note shall be dated, issued and delivered when (a) the Developer shall have demonstrated in writing to the reasonable satisfaction of the City that the construction of the Project has been completed and a certificate of occupancy has been issued by the City for the Project; and (b) shall have submitted paid invoices for the costs of construction of the Site Improvements and the Project and a settlement statement or other evidence of payment of the costs of the Development Property in an amount not less than the Reimbursement Amount.

(2) The unpaid principal of the TIF Note shall bear simple non-compounding interest from the date of issuance of the TIF Note at the lower of 6.50% per annum or the Developer's interest rate on the Project financing as determined by the City's Consultant. Interest shall be computed on the basis of a 360-day year consisting of twelve (12) 30-day months.

(3) The principal amount of the TIF Note and the interest thereon shall be payable solely from the Tax Increments.

(4) The payment dates of the TIF Note shall be the Note Payment Dates. On each Note Payment Date and subject to the provisions of the TIF Note, the City shall pay, against the principal

and interest outstanding on the TIF Note, the Tax Increments received by the City during the preceding six (6) months. All such payments shall be applied first to accrued interest and then to reduce the principal of the TIF Note.

(5) The TIF Note shall be a special and limited obligation of the City and not a general obligation of the City, and only Tax Increments shall be used to pay the principal and interest on the TIF Note. If, on any Note Payment Date, the Tax Increments for the payment of the accrued and unpaid interest on the TIF Note are insufficient for such purposes, the difference shall be carried forward, without interest accruing thereon, and shall be paid if and to the extent that on a future Note Payment Date there are Tax Increments in excess of the amounts needed to pay the accrued interest then due on the TIF Note.

(6) The City's obligation to make payments on the TIF Note on any Note Payment Date or any date thereafter shall be conditioned upon the requirement that (a) there shall not at that time be an Event of Default that has occurred and is continuing under this Agreement; provided that such unpaid amounts shall become payable if said Event of Default shall thereafter have been cured and if the Agreement has not been canceled or rescinded and (b) this Agreement shall not have been rescinded pursuant to Section 4.2(b).

(7) The TIF Note shall be governed by and payable pursuant to the additional terms thereof, as set forth in Exhibit B. In the event of any conflict between the terms of the TIF Note and the terms of this Section 3.3, the terms of the TIF Note shall govern. The issuance of the TIF Note pursuant and subject to the terms of this Agreement, and the taking by the City of such additional actions as bond counsel for the TIF Note may require in connection therewith, are hereby authorized and approved by the City.

Section 3.4 <u>Execution of Assessment Agreement; Action to Reduce Taxes</u>.

(1) Simultaneously with the execution of this Agreement, the Developer and the City shall execute an Assessment Agreement pursuant to the provisions of Minnesota Statutes, Section 469.177, Subdivision 8, specifying the Assessor's Minimum Market Value for the Development Property and the Project for calculation of real property taxes. Specifically, the Developer shall agree to a market value for the Development Property and the Project which will result in a market value as of January 2, 2030 of the Assessor's Minimum Market Value ($17,500,000) until the Termination Date. Nothing in the Assessment Agreement shall limit the discretion of the Assessor to assign a market value to the property in excess of the Assessor's Minimum Market Value nor prohibit the Developer from seeking through the exercise of legal or administrative remedies a reduction in such market value for property tax purposes, provided however, that the Developer shall not seek a reduction of such market value below the Assessor's Minimum Market Value in any year so long as the Assessment Agreement shall remain in effect. The Assessment Agreement shall remain in effect until the Termination Date. The Assessment Agreement shall be certified by the Assessor for the County as provided in Minnesota Statutes, Section 469.177, Subdivision 8, upon a finding by the Assessor that the Assessor's Minimum Market Value represents a reasonable estimate based upon the plans and specifications for the Project to be constructed on the Development Property and the market value previously assigned to the Development Property. Pursuant to Minnesota Statutes, Section 469.177, Subdivision 8, the Assessment Agreement shall be filed for record in the office of the county recorder or registrar of titles of Chisago County, and

such filing shall constitute notice to any subsequent encumbrancer or purchaser of the Development Property (or part thereof), whether voluntary or involuntary, and such Assessment Agreement shall be binding and enforceable in its entirety against any such subsequent purchaser or encumbrancer, including the holder of any mortgage recorded against the Development Property.

(2) The Developer may seek through petition or other means to have the market value of the Development Property and the Project reduced, provided however, that the Developer shall not seek a reduction of such market value below the Assessor's Minimum Market Value. Until the TIF Note is fully paid, such activity must be preceded by written notice from the Developer to the City indicating its intention to do so. Upon receiving such notice, or otherwise learning of the Developer's intentions, the City may suspend payments due under the TIF Note until the actual amount of the reduction is determined, whereupon the City will make the suspended payments less any amount that the City is required to repay the County as a result of any reduction in market value of the Development Property and the Project. During the period that the payments are subject to suspension the City may make partial payments on the TIF Note if it determines, in its sole and absolute discretion that the amount retained will be sufficient to cover any repayment which the County may require. The City's suspension of payments on the TIF Note pursuant to this Section shall not be considered a default under this Agreement.

Section 3.5 Real Property Taxes. The Developer acknowledges that it is obligated under law to pay all real property taxes payable with respect to all and any parts of the Development Property until the Developer's obligations have been assumed by any other person with the written consent of the City pursuant to the provisions of this Agreement.

The Developer agrees that prior to the Termination Date:

(1) It will not seek administrative review or judicial review of the applicability of any tax statute relating to the taxation of real property contained on the Development Property determined by any tax official to be applicable to the Project or the Developer or raise the inapplicability of any such tax statute as a defense in any proceedings with respect to the Development Property, including delinquent tax proceedings; provided, however, "tax statute" does not include any local ordinance or resolution levying a tax;

(2) It will not seek administrative review or judicial review of the constitutionality of any tax statute relating to the taxation of real property contained on the Development Property determined by any tax official to be applicable to the Project or the Developer or raise the unconstitutionality of any such tax statute as a defense in any proceedings with respect to the Development Property, including delinquent tax proceedings; provided, however, "tax statute" does not include any local ordinance or resolution levying a tax;

(3) It will not seek any tax deferral or abatement, either presently or prospectively authorized under Minnesota Statutes, Section 469.1813, or any other State or federal law, of the ad valorem property taxation of the Development Property between the date of execution of this Agreement and the Termination Date.

Section 3.6 Compliance with Low and Moderate Income Requirements.

(1) The City and the Developer understand and agree that the Tax Increment District will constitute a "housing district" under Section 469.174, Subd. 11 of the Tax Increment Act. Accordingly, in compliance with Section 469.1761, Subd. 3 of the Tax Increment Act, the Developer agrees that the Project must satisfy, or be treated as satisfying, the income requirements for a qualified residential rental project as defined in Section 142(d) of the Internal Revenue Code. The parties further agree that for the term of the Tax Increment District no more than 20% of the square footage of the Project may consist of commercial, retail, or other nonresidential uses. The Developer must meet the above requirements as follows:

(a) At least 20% of the residential units in the Project must be occupied or available for occupancy by persons whose incomes do not exceed 50% of the County's median income; and

(b) The limits described in clause (A) must be satisfied through the Termination Date. Income for occupants of units described in clause (A) shall be adjusted for family size in accordance with Section 142(d) of the Internal Revenue Code and related regulations.

(2) On or before each January 1 and July 1, commencing on January 1, 2030, the Developer or an agent of the Developer must deliver or cause to be delivered to the City a Compliance Certificate executed by the Developer covering the preceding six (6) months together with written evidence satisfactory to the City of compliance with the covenants in this Section. This evidence must include a statement of the household income of each qualifying renter, a written determination that each qualifying renter's household income falls within the qualifying limits of this Section (and Section 142(d) of the Internal Revenue Code), and certification that the income documentation is correct and accurate (and that the determination of qualification was made in compliance with Section 142(d) of the Internal Revenue Code). The City may review, upon request, all documentation supporting the Developer submissions and statements. In determining compliance with this Section, the Developer must use the County median incomes for the year in which the payment is due on the TIF Note, as promulgated by the Minnesota Housing Finance Agency based on the area median incomes established by the United States Department of Housing and Urban Development.

Section 3.7 Prohibition Against Transfer of Project and Assignment of Agreement. The Developer represents and agrees that prior to the termination date of this Agreement the Developer shall not transfer the Project or any part thereof or any interest therein, without the prior written approval of the City. The City shall be entitled to require as conditions to any such approval that:

(1) Any proposed transferee shall have the qualifications and financial responsibility, in the reasonable judgment of the City, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer.

(2) Any proposed transferee, by instrument in writing satisfactory to the City shall, for itself and its successors and assigns, and expressly for the benefit of the City, have expressly

assumed all of the obligations of the Developer under this Agreement and agreed to be subject to all the conditions and restrictions to which the Developer is subject.

(3) There shall be submitted to the City for review and prior written approval all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement or the Project

Section 3.8 Statewide Local Housing Aid. The Developer acknowledges receipt of Statewide Local Housing Aid in the amount of $120,213, pursuant to Minnesota Statutes, Section 477A.36, et. seq., and the Developer agrees to comply with all statutory requirements associated therewith, including but not limited to:

(1) As required by Minnesota Statutes, Section 477A.36, subd. 4(e)(1), at least five percent (5%) of the units in the Project must be “accessible units,” which include at least one roll-in shower, water closet, and kitchen work surface meeting the requirements of Section 1002 of the current State Building Code Accessibility Provisions for Dwelling Units in Minnesota.

(2) As required by Minnesota Statutes, Section 477A.36, subd. 4(e)(2), at least five percent 5(%) of the units in the Project must be “sensory accessible units,” which include (a) soundproofing between shared walls for first and second floor units; (b) no fluorescent lighting in units and common areas; (c) low-fume paint; (d) low-chemical carpet; and (e) low-chemical carpet glue in units and common areas.

Nothing in this section relieves a Project from complying with other applicable accessibility requirements including those set forth in state and local building codes, and applicable state and federal accessibility laws.

ARTICLE IV.

EVENTS OF DEFAULT

Section 4.1 Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean whenever it is used in this Agreement any one or more of the following events:

(1) Failure by the Developer to timely pay any ad valorem real property taxes and special assessments levied against the Development Property and all public utility or other City payments due and owing with respect to the Development Property when due and payable.

(2) Failure by the Developer to enter into the Land Development.

(3) Failure by the Developer to cause the construction of the Project to be completed pursuant to the terms, conditions and limitations of this Agreement and the Land Use Agreement.

(4) Failure of the Developer to observe or perform any other covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement and the Land Use Agreement.

(5) Any event of default occurring under the Land Use Agreement.

(6) If the Developer shall:

(a) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended or under any similar federal or state law; or

(b) make an assignment for the benefit of its creditors; or

(c) admit in writing its inability to pay its debts generally as they become due; or

(d) be adjudicated a bankrupt or insolvent; or if a petition or answer proposing the adjudication of the Developer, as a bankrupt or its reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within sixty (60) days after the filing thereof; or a receiver, trustee or liquidator of the Developer, or of the Project, or part thereof, shall be appointed in any proceeding brought against the Developer, and shall not be discharged within sixty (60) days after such appointment, or if the Developer, shall consent to or acquiesce in such appointment.

(7) The Developer fails to comply with the requirements of the Declaration.

Section 4.2 Remedies on Default. Whenever any Event of Default referred to in Section 4.1 occurs and is continuing, the City, as specified below, may take any one or more of the following actions after the giving of thirty (30) days' written notice to the Developer citing with specificity the item or items of default and notifying the Developer that it has thirty (30) days within which to cure said Event of Default. If the Event of Default has not been cured within said thirty (30) days:

(1) The City may suspend its performance under this Agreement and the TIF Note until it receives assurances from the Developer, deemed adequate by the City, that the Developer will cure its default and continue its performance under this Agreement.

(2) The City may cancel and rescind the Agreement and the TIF Note.

(3) The City may take any action, including legal or administrative action, in law or equity, which may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement.

Section 4.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 4.4 No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 4.5 Agreement to Pay Attorneys' Fees and Expenses. Whenever any Event of Default occurs and the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of the Developer herein contained, the Developer agrees that it shall, on demand therefor, pay to the City the fees of such attorneys and such other expenses so incurred by the City.

Section 4.6 Indemnification of City.

(1) The Developer (a) releases the City and its governing body members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees (collectively, the "Indemnified Parties") from, (b) covenants and agrees that the Indemnified Parties shall not be liable for, and (c) agrees to indemnify and hold harmless the Indemnified Parties against, any claim, cause of action, suit or liability for loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Project or on the Development Property.

(2) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, the Developer agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising

from the actions or inactions of the Developer (or if other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project; provided, that this indemnification shall not apply to the warranties made or obligations undertaken by the City in this Agreement or to any actions undertaken by the City which are not contemplated by this Agreement but shall, in any event and without regard to any fault on the part of the City, apply to any pecuniary loss or penalty (including interest thereon from the date the loss is incurred or penalty is paid by the City at a rate equal to the Prime Rate) as a result of the Developer operating the Project so that the Tax Increment District does not qualify or ceases to qualify as a "housing district" under Section 469.174, Subdivision 11, of the Act or to violate limitations as to the use of Tax Increments as set forth in Section 469.176, Subdivision 4d.

(3) All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any governing body member, officer, agent, servant or employee of the City, as the case may be.

ARTICLE V.

DEVELOPER'S OPTION TO TERMINATE AGREEMENT

Section 5.1 The Developer's Option to Terminate. This Agreement may be terminated by the Developer, if (i) the Developer is in compliance with all material terms of this Agreement and no Event of Default has occurred; and (ii) the City fails to comply with any material term of this Agreement, and, after written notice by the Developer of such failure, the City has failed to cure such noncompliance within ninety (90) days of receipt of such notice, or, if such noncompliance cannot reasonably be cured by the City within ninety (90) days, of receipt of such notice, the City has not provided assurances, reasonably satisfactory to the Developer, that such noncompliance will be cured as soon as reasonably possible.

Section 5.2 Action to Terminate. Termination of this Agreement pursuant to Section 5.1 must be accomplished by written notification by the Developer to the City within sixty (60) days after the date when such option to terminate may first be exercised. A failure by the Developer to terminate this Agreement within such period constitutes a waiver by the Developer of its rights to terminate this Agreement due to such occurrence or event.

Section 5.3 Effect of Termination. If this Agreement is terminated pursuant to this Article V, this Agreement shall be from such date forward null and void and of no further effect; provided, however, the termination of this Agreement shall not affect the rights of either party to institute any action, claim or demand for damages suffered as a result of breach or default of the terms of this Agreement by the other party, or to recover amounts which had accrued and become due and payable as of the date of such termination. Upon termination of this Agreement pursuant to this Article V, the Developer shall be free to proceed with the Project at its own expense and without regard to the provisions of this Agreement; provided, however, that the City shall have no further obligations to the Developer with respect to reimbursement of the expenses set forth in Section 3.2, or to make any further payments on the TIF Note.

ARTICLE VI.

ADDITIONAL PROVISIONS

Section 6.1 Restrictions on Use. The Developer agrees for itself, its successors and assigns and every successor in interest to the Development Property, or any part thereof, that during the term of this Agreement the Developer and such successors and assigns shall operate, or cause to be operated, the Project in accordance with, the uses specified in this Agreement.

Section 6.2 Conflicts of Interest. No member of the governing body or other official of the City shall have any financial interest, direct or indirect, in this Agreement, the Development Property or the Project, or any contract, agreement or other transaction contemplated to occur or be undertaken thereunder or with respect thereto, nor shall any such member of the governing body or other official participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No member, official or employee of the City shall be personally liable to the City in the event of any default or breach by the Developer or successor or on any obligations under the terms of this Agreement.

Section 6.3 Titles of Articles and Sections. Any titles of the several parts, articles and sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 6.4 Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

(1) in the case of the Developer is addressed to or delivered personally to:

North Branch Independent Senior Living, LLC
[______________________]

with a copy to:

[______________________]
[______________________]
[______________________]

(2) in the case of the City is addressed to or delivered personally to the City at:

City of North Branch, Minnesota
6408 Elm Street
North Branch, MN 55056
Attn: Community Development Director

with a copy to:

Taft Stettinius & Hollister LLP
Attention: Mary Ippel
2200 IDS Center
80 South 8th Street
Minneapolis, MN 55402

or at such other address with respect to any such party as that party may, from time to time, designate in writing and forward to the other, as provided in this Section.

Section 6.5 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 6.6 Law Governing. This Agreement will be governed and construed in accordance with the laws of the State.

Section 6.7 Expiration. This Agreement shall expire on the Termination Date.

Section 6.8 Provisions Surviving Rescission or Expiration. Sections 4.5 and 4.6 shall survive any rescission, termination or expiration of this Agreement with respect to or arising out of any event, occurrence or circumstance existing prior to the date thereof.

Section 6.9 Assignability of TIF Note. The TIF Note may only be assigned pursuant to the terms of the TIF Note with the written consent of the City.

Section 6.10 Recording. This Agreement and the Minimum Assessment agreement shall be recorded by the City with the County Recorder of Chisago County, Minnesota. The Developer shall pay all costs of recording.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and on its behalf and its seal to be hereunto duly affixed, and the Developer has caused this Agreement to be duly executed on its behalf, on or as of the date first above written.

CITY OF NORTH BRANCH, MINNESOTA

(SEAL)

By ____
Its Mayor

By ____
Its City Administrator

STATE OF MINNESOTA)
) ss
COUNTY OF CHISAGO)

The foregoing instrument was acknowledged before me this ___ day of July, 2026, by ___________________, the Mayor and ______________, the City Administrator of the City of North Branch, Minnesota on behalf of said City.

____
Notary Public

This is a signature page to the Development Agreement by and between the City of North Branch and North Branch Independent Senior Living, LLC.

NORTH BRANCH INDEPENDENT SENIOR LIVING, LLC

By: ___________________________________
Name: ______________________
Its: _________________________

STATE OF MINNESOTA)
) ss.
COUNTY OF CHISAGO)

The foregoing instrument was acknowledged before me this ___ day of July, 2026, by _____________, the ____________________ of North Branch Independent Senior Living, LLC, a Minnesota limited liability company, on behalf of said company.

____
Notary Public

This is a signature page to the Development Agreement by and between the City of North Branch and North Branch Independent Senior Living, LLC.

EXHIBIT A

Description of Development Property

Property located in the City of North Branch, Chisago County, Minnesota with the following legal description:

Lot 1, Block 1, Westside Commons 3rd Addition, Chisago County, Minnesota.

EXHIBIT B

Form of Tax Increment Note

No. R-1 $__________

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF CHISAGO
CITY OF NORTH BRANCH

TAX INCREMENT REVENUE NOTE
(NORTH BRANCH INDEPENDENT SENIOR LIVING, LLC PROJECT)

The City of North Branch, Minnesota (the "City"), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay the amounts hereinafter described (the "Payment Amounts") to North Branch Independent Senior Living, LLC (the "Developer") or its registered assigns (the "Registered Owner"), but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided.

The principal amount of this Note shall equal from time to time the principal amount stated above, as reduced to the extent that such principal installments shall have been paid in whole or in part pursuant to the terms hereof; provided that the sum of the principal amount listed above shall in no event exceed $2,890,000 as provided in that certain Development Agreement, dated as of July 22, 2026, as the same may be amended from time to time (the "Development Agreement"), by and between the City and the Developer. The unpaid principal amount hereof shall bear interest from the date of this Note at the simple non-compounded interest rate of the lower of (i) 6.50% per annum or (ii) the Developer's interest rate on the Project financing as determined by the City's Consultant. Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months.

The amounts due under this Note shall be payable on August 1, 2028, and on each February 1 and August 1 thereafter to and including February 1, 2048, or, if the first should not be a Business Day (as defined in the Development Agreement), the next succeeding Business Day (the "Payment Dates"). On each Payment Date the City shall pay by check or draft mailed to the person that was the Registered Owner of this Note at the close of the last business day of the City preceding such Payment Date an amount equal to the Tax Increments (hereinafter defined) received by the City during the six month period preceding such Payment Date. All payments made by the City under this Note shall first be applied to accrued interest and then to principal. This Note is prepayable by the City, in whole or in part, on any date.

The Payment Amounts due hereon shall be payable solely from 95% of tax increments (the "Tax Increments") from the Development Property (as defined in the Development Agreement) within City's Tax Increment Financing District No. 2026-2 (the "Tax Increment District") within its Development District No. 1 which are paid to the City and which the City is entitled to retain pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the "Tax Increment Act"). This Note shall terminate and be of no further force and effect following the last Payment Date defined above, on any date upon which the City shall have terminated the Development Agreement under Section 4.2(2) thereof or the Developer shall have terminated the Development Agreement under Article V thereof, the date the Tax Increment District is terminated, or on the date that all principal and interest payable hereunder shall have been paid in full, whichever occurs earliest.

The City makes no representation or covenant, expressed or implied, that the Tax Increments will be sufficient to pay, in whole or in part, the amounts which are or may become due and payable hereunder.

The City's payment obligations hereunder shall be further conditioned on the fact that no Event of Default under the Development Agreement shall have occurred and be continuing at the time payment is otherwise due hereunder, but such unpaid amounts shall become payable, without interest accruing thereon in the meantime, if said Event of Default shall thereafter have been cured; and, further, if pursuant to the occurrence of an Event of Default under the Development Agreement the City elects to cancel and rescind the Development Agreement, the City shall have no further debt or obligation under this Note whatsoever. Reference is hereby made to all of the provisions of the Development Agreement, including without limitation Section 3.3 thereof, for a fuller statement of the rights and obligations of the City to pay the principal of this Note, and said provisions are hereby incorporated into this Note as though set out in full herein.

This Note is a special, limited revenue obligation and not a general obligation of the City and is payable by the City only from the sources and subject to the qualifications stated or referenced herein. This Note is not a general obligation of the City and neither the full faith and credit nor the taxing powers of the City are pledged to the payment of the principal of this Note and no property or other asset of the City, save and except the above-referenced Tax Increments, is or shall be a source of payment of the City's obligations hereunder.

This Note is issued by the City in aid of financing a project pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including the Tax Increment Act.

This Note may be assigned only with the consent of the City which consent shall not be unreasonably withheld. In order to assign the Note, the assignee shall surrender the same to the City either in exchange for a new fully registered note or for transfer of this Note on the registration records for the Note maintained by the City. Each permitted assignee shall take this Note subject to the foregoing conditions and subject to all provisions stated or referenced herein.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and 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; 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, City of North Branch, Minnesota, by its City Council, has caused this Note to be executed by the manual signatures of its Mayor and City Administrator and has caused this Note to be dated as of _______________, 20___.

___________________________________	_____________________________________
City Administrator	Mayor

DO NOT EXECUTE UNTIL PAID INVOICES, A SETTLEMENT STATEMENT OR OTHER EVIDENCE OF PAYMENT FOR ACQUISITION OF THE DEVELOPMENT PROPERTY, COSTS OF THE SITE IMPROVEMENTS AND CONSTRUCTION COSTS OF THE PROJECT ARE GIVEN TO THE CITY - REFER TO SECTION 3.3(1).

CERTIFICATION OF REGISTRATION

It is hereby certified that the foregoing Note was registered in the name of North Branch Independent Senior Living, LLC, and that, at the request of the Registered Owner of this Note, the undersigned has this day registered the Note in the name of such Registered Owner, as indicated in the registration blank below, on the books kept by the undersigned for such purposes.

NAME AND ADDRESS OF REGISTERED OWNER	DATE OF REGISTRATION	SIGNATURE OF CITY ADMINISTRATOR
North Branch Independent Senior Living, LLC Attention: __________ _________ _________ _______	______________________	___________________________
___________________________	______________________	___________________________
___________________________	______________________	___________________________
___________________________	______________________	___________________________

EXHIBIT C

SITE IMPROVEMENTS

Environmental Testing
Foundations and Footings
Grading/earthwork
Landscaping, including irrigation
Onsite Utilities and Utility Connection Fees
Onsite Road, Curb, Gutter, Driveway, Sidewalk and Streetscape Improvements
Outdoor Lighting
Parking
SAC/WAC Fees
Site Preparation
Soil Testing & Boring
Storm Water/Ponding
Survey

EXHIBIT D

Form of Assessment Agreement

THIS AGREEMENT, dated as of this 22nd day of July 2026, is by and among the City of North Branch, Minnesota (the "City") and North Branch Independent Senior Living, LLC, a Minnesota limited liability company (the "Developer").

WITNESSETH

WHEREAS, the City and Developer have entered into a Development Agreement dated as of July 22, 2026 (the "Agreement") regarding certain real property located in the City (the "Development Property") which property is legally described on Exhibit A attached hereto and made a part hereof.

WHEREAS, it is contemplated that pursuant to said Agreement, the Developer will construct a mixed income independent senior living housing facility containing approximately 107-units (the "Project") on the Development Property, with twenty percent (20%) of the units made affordable to individuals at or below fifty percent (50%) of the area median income.

WHEREAS, the City and Developer desire to establish a minimum market value for the Development Property and the Project to be constructed thereon, pursuant to Minnesota Statutes, Section 469.177, Subdivision 8.

WHEREAS, the Developer has acquired the Development Property.

WHEREAS, the Chisago County Assessor (the "Assessor") has reviewed the plans and specifications for the Project and the market value previously assigned to the land upon which the Project is to be constructed, and that the "minimum market value" as set forth below is reasonable.

NOW, THEREFORE, the parties to this Agreement, in consideration of the promises, covenants and agreements made by each to the other, do hereby agree as follows:

1. As of January 2, 2030 the minimum market value which shall be assessed for the Development Property and the Project shall be not less than $17,500,000.

2. The minimum market value herein established shall be of no further force and effect and this Agreement shall terminate on the Termination Date.

3. This Agreement shall be recorded by the City with the County Recorder of Chisago County, Minnesota. The Developer shall pay all costs of recording.

4. The Assessor has reviewed the plans and specifications for the Project and the market value previously assigned to the land upon which the improvements are to be constructed, and that the "minimum market value" as set forth above is reasonable.

5. Neither the preamble nor provisions of this Agreement are intended to, or shall they be construed as, modifying the terms of the Agreement between the City and the Developer.

6. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

IN WITNESS WHEREOF, the City, the Developer and the Assessor have caused this Agreement to be executed in their names and on their behalf all as of the date set forth above.

This Instrument Drafted By:
Taft Stettinius & Hollister LLP
2200 IDS Center
80 South 8th Street
Minneapolis, MN 55402

CITY OF NORTH BRANCH, MINNESOTA

(SEAL)

By ____
Its Mayor

By ____
Its City Administrator

STATE OF MINNESOTA)
) ss
COUNTY OF CHISAGO)

The foregoing instrument was acknowledged before me this ___ day of ________, 20__, by _______________, the Mayor and ______________, the City Administrator of the City of North Branch, Minnesota on behalf of said City.

____
Notary Public

Signature page for Assessment Agreement by and between the City of North Branch, Minnesota and North Branch Independent Senior Living, LLC.

NORTH BRANCH INDEPENDENT SENIOR LIVING, LLC

By: ___________________________________
Name: _____________________
Its: ________________________

STATE OF MINNESOTA)
) ss.
COUNTY OF CHISAGO)

The foregoing instrument was acknowledged before me this ___ day of ________, 2026, by _________________ the __________________ of North Branch Independent Senior Living, LLC, a Minnesota limited liability company, on behalf of said company.

____
Notary Public

Signature page for Assessment Agreement by and between the City of North Branch, Minnesota and North Branch Independent Senior Living, LLC.

CERTIFICATION BY COUNTY ASSESSOR

The undersigned, having reviewed the Assessment Agreement dated as of July 22, 2026 between the City of North Branch, Minnesota and North Branch Independent Senior Living, LLC, a Minnesota limited liability company; the construction plans for the Project, as defined in the Assessment Agreement, hereby certifies as follows:

Legal Description of Property:

Lot 1, Block 1, Westside Commons 3rd Addition, Chisago County, Minnesota.

The undersigned assessor, being legally responsible for the assessment of the above described property, certifies that the market values assigned to the land and Project are reasonable.

Nothing herein shall limit the discretion of the undersigned assessor or any other public official or body having the duty to determine the market value of the above-described Project and Development Property for ad valorem tax purposes, to assign to such Project and Development Property a market value in excess of the minimum market value specified above and in the Assessment Agreement.

All capitalized but undefined terms herein are assigned definitions as provided in that certain Development Agreement, dated as of July 22, 2026 by and between the City of North Branch, Minnesota, and North Branch Independent Senior Living, LLC.

____
County Assessor for Chisago County

STATE OF MINNESOTA)
) ss.
COUNTY OF CHISAGO)

This instrument was acknowledged before me on ________________, 2026, by _________________, the County Assessor of Chisago County.

____
Notary Public

CONSENT TO ASSESSMENT AGREEMENT

__________________, ______________________, of _________________________, _________________, _________________ (the "Bank"), does hereby consent to all terms, conditions and provisions of the foregoing Assessment Agreement and agrees that, in the event it purchases the Development Property at a foreclosure sale or acquires the Development Property through a deed in lieu of foreclosure or otherwise in satisfaction of the indebtedness owed by the Developer, it and its respective successors and assigns, shall be bound by all terms and conditions of the Assessment Agreement, including but not limited to the provision which requires that the minimum market value of the Development Property and the Project shall be not less than the amounts set forth in the Assessment Agreement.

IN WITNESS WHEREOF, we have caused this Consent to Assessment Agreement to be executed in its name and on its behalf as of this ____ day of _______________, _____.

____

By ____

Its ____

STATE OF)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this ___ day of __________, _____, by _________________, the_____________ of ______________________________, a _____________ banking corporation on behalf of the corporation.

____

Notary Public

EXHIBIT A TO ASSESSMENT AGREEMENT

LEGAL DESCRIPTION OF DEVELOPMENT PROPERTY

Property located in the City of North Branch, Chisago County, Minnesota with the following legal description:

Lot 1, Block 1, Westside Commons 3rd Addition, Chisago County, Minnesota.

.

EXHIBIT E

COMPLIANCE CERTIFICATE

The undersigned North Branch Independent Senior Living, LLC, does hereby certify that as of the date of this Certificate and for the previous six (6) months prior to the execution of this Certificate, not less than 20% of the residential units in the North Branch Independent Senior Living, LLC project located at [____________] in North Branch, Minnesota (the "Project") were occupied or available for occupancy by individuals whose income is 50% or less of the Chisago County median income.

Dated this ____ day of _________________, 20___.

NORTH BRANCH INDEPENDENT SENIOR LIVING, LLC

By ____
Its ____

[Attach income verification required by Section 3.6]

EXTRACT OF MINUTES OF A MEETING OF THE
CITY COUNCIL OF THE CITY
OF NORTH BRANCH, MINNESOTA

HELD: JULY 22, 2026

Pursuant to due call and notice thereof, a regular or special meeting of the City Council of the City of North Branch, Chisago County, Minnesota, was duly called and held at the City Hall, in said City on July 22, 2026, at 6:00 P.M.

The following members of the Council were present:

and the following were absent:

Member ___________________ introduced the following resolution and moved its adoption:

RESOLUTION APPROVING THE MODIFICATION TO THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 1; ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 2026-2 WITHIN DEVELOPMENT DISTRICT NO. 1; APPROVING THE TAX INCREMENT FINANCING PLAN THEREFOR AND AUTHORIZING THE EXECUTION OF A DEVELOPMENT AGREEMENT

A. WHEREAS, it has been proposed that the City of North Branch, Minnesota (the "City") (1) modify the Development Program for Development District No. 1 (the "Development District"); (2) establish Tax Increment Financing District No. 2026-2 therein (the "TIF District"); (3) approve and adopt the proposed Tax Increment Financing Plan therefor under the provisions of Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the "Act"); and (4) authorize the execution of a development agreement and certain other related documents; and

B. WHEREAS, the City Council has investigated the facts and has caused to be prepared the Modification to the Development Program for the Development District (the "Development Program Modification"), and has caused to be prepared a proposed tax increment financing plan for the TIF District therein (the "TIF Plan"); and

C. WHEREAS, the City has performed all actions required by law to be performed prior to the approval of the establishment of the TIF District and the adoption of the Development Program Modification and TIF Plan, including, but not limited to, notification of Chisago County and Independent School District No. 138 having taxing jurisdiction over the property to be included in the TIF District and the holding of a public hearing upon published and mailed notice as required by law; and

D. WHEREAS, the City may pay for certain costs identified in the TIF Plan consisting of land acquisition, public utilities, site improvements/preparation, other eligible improvements, and administrative costs (the "Qualified Costs") incurred in connection with the establishment of the TIF District and development of land within the TIF District, which costs may be financed on a temporary basis from City funds available for such purposes; and

E. WHEREAS, under Minnesota Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the City's general fund or any other fund from which such advances may be legally made, in order to finance the Qualified Costs; and

F. WHEREAS, the City intends to reimburse itself for the payment of the Qualified Costs, plus interest thereon, from tax increments derived from the TIF District in accordance with the terms of this resolution (which terms are referred to collectively as the "Interfund Loan"); and

G. WHEREAS, the Developer and City have determined to enter into an Assessment Agreement (the “Assessment Agreement”), which provides a minimum market value for the Development Property and the Project; and

H. WHEREAS, North Branch Independent Senior Living, LLC, a Minnesota limited liability company (the "Developer") has requested the City to assist with the financing of certain costs incurred in connection with the construction of multifamily housing rental facilities (the "Project"); and

I. WHEREAS, the Developer and the City have determined to enter into a Development Agreement providing for the City's tax increment financing assistance for the Project (the "Development Agreement").

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of North Branch, as follows:

1. Development District. The City is not modifying the boundaries of the Development District.

2. Development Program Modification. The Modification to the Development Program for Municipal Development District No. 1, a copy of which is on file in the office of the City Administrator, is adopted.

3. Tax Increment Financing District No. 2026-2. There is hereby established in the City within the Development District, the Tax Increment Financing District No. 2026-2, a housing district, the initial boundaries of which are fixed and determined as described in the TIF Plan.

4. Tax Increment Financing Plan. The TIF Plan is adopted as the tax increment financing plan for the TIF District, and the City Council makes the following findings:

a. The TIF District is a housing district as defined in Minnesota Statutes, Section 469.174, Subd. 11, the specific basis for such determination is set forth in Appendix D of the TIF Plan.

b. 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. The reasons for such determination are set forth in Appendix D of the TIF Plan.

c. The TIF Plan for the TIF District conforms to the general plan for development or redevelopment of the City as a whole. The reasons for supporting this finding are set forth in Appendix D of the TIF Plan.

d. The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Development District by private enterprise. The reasons supporting this finding are set forth in Appendix D of the TIF Plan.

e. Appendix D of the TIF Plan is incorporated herein by reference.

5. Public Purpose. The adoption of the TIF Plan for the TIF District within the Development District conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the State which is already built up to provide safe, decent, sanitary housing for residents of the City, to improve the tax base and to improve the general economy of the State and thereby serves a public purpose.

6. Certification. The Auditor of Chisago County is requested to certify the original net tax capacity of the TIF District as described in TIF Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased in accordance with the Act; and the Community and Economic Development Director is authorized and directed to forthwith 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 TIF District for which building permits have been issued during the 18 months immediately preceding the adoption of this Resolution.

7. Filing. The City Administrator is further authorized and directed to file a copy of the Modification and TIF Plan for the TIF District with the Commissioner of Revenue and the Office of the State Auditor.

8. Interfund Loan.

a. The City hereby authorizes the advance of up to $25,000 from the City's General Fund or so much thereof as may be paid as Qualified Costs. The City shall reimburse itself for such advances together with interest at the rate stated below. Interest accrues on the principal amount from the date of each advance. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 are from time to time adjusted. The interest rate shall be 5.00% and will not fluctuate.

b. Principal and interest on the Interfund Loan (the "Payments") shall be paid annually on each December 31 commencing with the date the tax increments from the TIF District are available and not otherwise pledged to and including the earlier of (i) the date the principal and accrued interest of the Interfund Loan is paid in full, or (ii) the date of last receipt of tax increment from the TIF District ("Payment Dates") which Payments will be made in the amount and only to the extent of available tax increments. Payments shall be applied first to accrued interest, and then to unpaid principal.

c. Payments on the Interfund Loan are payable solely from the tax increment generated in the preceding twelve (12) months with respect to the TIF District and remitted to the City by Chisago County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, as amended. Payments on this Interfund Loan are subordinate to any outstanding or future bonds, notes or contracts secured in whole or in part with tax increment, and are on parity with any other outstanding or future interfund loans secured in whole or in part with tax increments.

d. The principal sum and all accrued interest payable under this Interfund Loan are pre-payable in whole or in part at any time by the City without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Interfund Loan.

e. The Interfund Loan is evidence of an internal borrowing by the City in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from tax increment pledged to the payment hereof under this resolution. The Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the City. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loan or other costs incident hereto except out of tax increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on the Interfund Loan or other costs incident hereto. The City shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the termination of the TIF District.

f. The City may amend the terms of the Interfund Loan at any time by resolution of the City Council, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.

9. Document Approval. The Council hereby approves the Development Agreement and Assessment Agreement in substantially the forms submitted, and the Mayor and the City Administrator are hereby authorized and directed to execute the Development Agreement and Assessment Agreement on behalf of the Council. The approval hereby given to the Development Agreement and Assessment Agreement includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the City officials

authorized by this resolution to execute the Development Agreement and Assessment Agreement. The execution of the Development Agreement and Assessment Agreement by the appropriate officer or officers of the City shall be conclusive evidence of the approval of the Development Agreement and Assessment Agreement in accordance with the terms hereof.

Adopted this 22nd day of July, 2026.

____
Mayor

Attest: ______________________________
City Administrator

STATE OF MINNESOTA
CHISAGO COUNTY
CITY OF NORTH BRANCH

I, the undersigned, being the duly qualified and acting City Administrator of the City of North Branch, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council of said City, duly called and held on the date therein indicated, insofar as such minutes relate to the establishment of the Tax Increment Financing District No. 2026-2 in the City.

WITNESS my hand as such City Administrator of the City Council of the City of North Branch, Minnesota this ____ day of July, 2026.

____
City Administrator

City of North Branch
Staff Report

Prepared By: Nathan Sondrol, Community Development Director

Presenter: Nathan Sondrol, Community Development Director

Date: 07/16/2026

Board & Commission: Economic Development Authority

Subject: 2027 EDA Budget

Attached is the DRAFT preliminary 2027 EDA budget along with the current debt schedule for Industrial Park.

Recommended EDA Action
Staff are looking for initial discussion and direction from the EDA.

Voting Requirements:

Voting Options **Simple Majority Super Majority**

EDA Fund

2027 Revenue and Expenditure Budget

Account Number 201	Description EDA Revenue	2024 Actual	2025 Actual (unaudited)	2026 Adopted	2026 Actual	2027 Proposed
201-00000-31010	Current Ad Valorem Taxes - HRA	$ (284,194)	$ (284,955)	$ (315,827)	$ -	$ (332,736)
201-00000-31010	Current Ad Valorem Taxes - EDA	(278,519)	(279,256)	(309,510)	-	(326,081)
201-00000-31020	Delinquent Ad Valorem Taxes	-	-	-	-	-
201-00000-32214	Application Fees	-	-	-	-	-
201-00000-33402	Mkt Value Credit	(1,185)	(1,060)	-	-	-
201-00000-34950	Other Revenues	-	-	-	-	-
201-00000-36210	Interest Earnings	(3,936)	(11,342)	(200)	-	-
201-00000-36220	Other Rents and Royalties	(3,600)	(77,550)	(3,600)	(11,400)	(3,600)
201-00000-39203	Transfer From Other Fund	(185,000)	(185,968)	(135,000)	-	-
	Total Revenue	$ (756,434)	$ (840,131)	$ (764,137)	$ (11,400)	$ (662,417)

Account Number 201	Description EDA Expenditures	2024 Actual	2025 Actual (unaudited)	2026 Adopted	2026 Actual	2027 Proposed
201-46500-50101	Employees Wages & Salaries	$ 57,466	$ 76,199	$ 95,675	$ 27,031	$ 99,621
201-46500-50121	PERA	3,544	5,391	7,175	2,258	7,472
201-46500-50122	FICA and Medicare	3,883	5,166	7,319	2,263	7,621
201-46500-50131	Employer Paid Health	2,680	11,799	18,325	4,606	18,276
201-46500-50137	Paid Family Medical Leave	-	-	-	106	394
201-46500-50151	Worker s Comp Insurance	-	-	750	-	-
201-46500-50210	Operating Supplies	941	126	500	-	500
201-46500-50300	Professional Srvs	52,738	-	15,000	33,773	20,000
201-46500-50301	Auditing and Acct g Services	-	847	1,054	-	-
201-46500-50303	Engineering Fees	9,199	7,400	10,000	-	10,000
201-46500-50304	Attorneys Fees	18,250	21,224	10,000	8,090	15,000
201-46500-50331	Travel Expenses	75	1,224	1,100	9	1,200
201-46500-50332	Conference & Training	20	1,415	1,700	280	6,200
201-46500-50334	Meeting Expense	307	-	-	-	500
201-46500-50343	Marketing	1,180	982	30,000	-	68,330
201-46500-50351	Legal Notices Publishing	-	56	120	57	100
201-46500-50360	Insurance	1,157	1,089	1,200	1,161	1,200
201-46500-50420	EDA Project Fund	-	18,464	75,000	3,409	75,000
201-46500-50430	Miscellaneous	-	-	-	-	-
201-46500-50433	Dues and Subscriptions	1,520	1,180	2,300	1,885	2,600
201-46500-50443	Recording Fees	-	46	-	-	-
201-46500-50455	PropTaxes/ Assessments	-	-	-	-	-
201-46500-50720	Transfer Out	341,579	345,874	345,000	-	-
	Total Expenditures	$ 494,539	$ 498,482	$ 622,218	$ 84,928	$ 334,014

HRA Ad Valorem Taxes @ 0.01850% of EMV & EDA Ad Valorem Taxes @ 0.01813% of EMV. Used EMV 1,798,572,700 from Levy Projectic
HRA Ad Valorem Taxes @ 0.01850% of EMV & EDA Ad Valorem Taxes @ 0.01813% of EMV. Used EMV 1,798,572,700 from Levy Projectic

EMV	1,798,572,700	0.01850%	332,736	HRA
		0.01813%	326,081	EDA

Farm Lease is recorded in 476.

Lamar Advertising at $300/month and house & building lease $5,000 a month
General Fund/EDA operations levy recorded in GF with transfer to EDA fund

Linked to Salary & Benefit spreadsheet
Linked to Salary & Benefit spreadsheet
Linked to Salary & Benefit spreadsheet
Linked to Salary & Benefit spreadsheet

Estimate based on prior year actual

See Detail
Sharon
General Engineering Services
General Legal Services
See Detail
See Detail

See Detail

Sharon

See Detail

Property taxes are paid out of fund 476
Transfer to cover debt for Business Park - fund 387, $341,016 debt payment in 2026
-46.3%

NORTH BRANCH

City of North Branch
Staff Report

Prepared By: Nathan Sondrol, Community Development Director

Presenter: Nathan Sondrol, Community Development Director, Matthew Hill, City Administrator

Date: 07/16/2026

Board & Commission: Economic Development Authority

Subject: Comprehensive Plan Update

Background Info

The Comprehensive Plan Steering Committee requests that the Planning Commission review two specific sections of the 2018 Comprehensive Plan:

- **Section 2: Values and Vision (all groups will review this section)**
- **Section 5: Economic Development**

Below is timeline for the process:

- March 18, 2026: Landuse, Economic Development, Parks, Trails & Open Space
- April 15, 2026: Housing, Transportation, Utilties, Public Safety
- June 16, 2026, 2026: EDA Review of Plan
- July 15, 2026: Council Work Session for full review
- August 18, 2026: EDA Review of Plan
- September 1, 2026: Public Hearing
- September 8 or 22, 2026: City Council Adoption Consideration

Requested Action

To review the attached documents and be prepared for full discussion at the meeting.

Voting Requirements:

Voting Options		**Simple Majority Super Majority**

Chapter 5: Economic Development

Introduction

~~A strong business community is the cornerstone of a vibrant city. Economic development encompasses the policies and activities that improve the long term economic and social wellbeing of the community. Communities with strong economies have financial resources to support the levels of service that their residents need and desire. Successful communities realize that economic development is about bringing together social, natural, infrastructure, and economic assets in the community to sustain the "whole" community.~~

~~The City's Economic Development Authority recently adopted a strategic plan to guide and inform its decision making over the next 3 – 5 years. The EDA identified the following strategic priorities:~~

- ~~Expansion of broadband (high speed internet)~~
- ~~Business growth, including continued land sales and development~~
- ~~Transportation~~
- ~~Community~~
- ~~Housing~~

A strong business community is the foundation of a thriving and resilient city. Economic development is more than attracting new businesses—it is about creating an environment where businesses can invest, grow, innovate, and succeed. The City of North Branch recognizes that economic vitality supports quality public services, strengthens neighborhoods, expands employment opportunities, and enhances the overall quality of life for residents.

As the community continues to grow, North Branch is committed to maintaining a proactive, business-minded approach to economic development. The City and Economic Development Authority (EDA) are focused on reducing barriers to investment, improving speed to market, and providing a predictable and efficient development process. By being responsive, strategic, and solution-oriented, North Branch seeks to position itself as a preferred location for business expansion and new investment.

Success in economic development requires strong partnerships among the public sector, private industry, educational institutions, utilities, developers, and regional organizations. North Branch welcomes these partnerships and recognizes that collaboration is essential to achieving sustainable economic growth and creating opportunities for current and future generations.

To guide these efforts, the North Branch Economic Development Authority has identifies key priorities for the next three to five years. These priorities are intended to strengthen the community's competitive position, support business growth, and ensure long-term economic prosperity:

- Business growth, including continued land sales, redevelopment, and investment attraction

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- Transportation improvements and infrastructure investment
- Community development and quality-of-life enhancements
- Housing opportunities that support workforce and community needs through all phases of life

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Inventory and Analysis

Existing Characteristics of the Economy

A significant number of North Branch residents commute to work, but have indicated via survey and other tools, that they would prefer to work in the city if comparable jobs were available. Therefore, retaining and attracting jobs is an ongoing objective for the City of North Branch. As of 2018 Assessment Year, non-residential property values amounted to $146,754,700, as follows: commercial $91,277,300, industrial $22,953,100 and apartments $32,524,300. The Minnesota Department of Employment and Economic Development estimates the unemployment rate in Chisago County at 3 percent, higher than the state average of 2.9 percent.

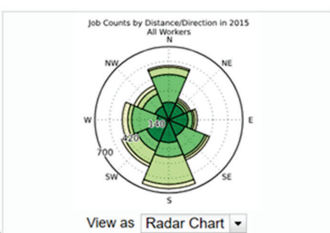
Table 5-A shows the employment and business profile of North Branch. The highest employment industry is health care and social assistance which provides 17.5 percent of all jobs in North Branch. Educational services is the second highest source of employment (13.1 percent), and construction, and other services provide about 12.6 percent each of the community’s total jobs. (Data-USA.com)

Table 5 – ____ Business and Employment Statistics Name	Industry	Approximate # of Employees
North Branch School District	Education	388
Villages of North Branch	Elder Care	185
Andersen Windows	Manufacturing	180
Lakes Region EMS	Emergency Medical Services	92
County Market	Retail	90
Fairview Health System	Health Care	85
Branch Manufacturing	Manufacturing	72
Environmental Stoneworks	Manufacturing	69
Zinpro	Manufacturing	62
ShopKo	Retail	60
Wisconsin Coil Spring	Manufacturing	56

Commuting

According to the US Census as of 2015, 59.4 percent of North Branch residents commute more than 10 miles to work, resulting in an average commute time of 32.3 minutes trip.

Figure 5-1 Commute Distances



Jobs by Distance - Work Census Block to Home Census Block

	2015 Count	2015 Share
Total Primary Jobs	3,366	100.0%
Less than 10 miles	1,368	40.6%
10 to 24 miles	1,148	34.1%
25 to 50 miles	614	18.2%
Greater than 50 miles	236	7.0%

Finance Tools

Community development actions require a framework for financial decision-making. The investment of public dollars to achieve community development objectives should be guided by several key principles:

· Financial resources are limited. The city has limited funding to apply to community development initiatives, so the use of resources must be targeted to achieve the greatest effect on community needs.

· Financial decisions require a long-term perspective. The current use of financial resources may reduce monies available in the future. In evaluating short-term opportunities, it is important to question the long-term impact on community development.

· Public funds should lead to private investment. While this section focuses on public finance actions, the Comprehensive Plan cannot become reality without private investment. The use of public funds should be targeted to actions that encourage private investment in North Branch.

The area of North Branch located north of TH95 received Opportunity Zone designation by the US Department of Treasury. While the tax credit opportunities that this designation allows are a private sector concern, the City will promote this designation as a tool for land sales and development in the City's Interstate Business Park as well as the other undeveloped portions of the City within the designated Opportunity Zone census tract.

Tax Increment Financing

Tax increment financing (TIF) is the primary development finance tool available to Minnesota cities (Minnesota Statutes, Sections 469.174 through 469.179). TIF is simple in concept, but complex in its application. Through tax increment financing, the property taxes created by new development (or redevelopment) are captured and used to finance activities needed to encourage the development. The challenge in using TIF lies with the complex and ever- changing statutory limitations.

Tax Abatement

Tax abatement acts like a simpler and less powerful version of tax increment financing. With TIF, the city controls the entire property tax revenue from new development. Under the abatement statute (Minnesota Statutes, Sections 469.1812 through 469.1815), the city, county and school district have independent authority to grant tax abatement.

Special Assessments

Public improvements are often financed using the power to levy special assessments (Minnesota Statutes Chapter 429). A special assessment is a means for benefiting properties to pay for all or part of the costs associated with improvements, and to spread the impact over a period of years. This tool can be applied to both the construction of new improvements and the rehabilitation of existing improvements.

Grant Programs

Cities can leverage funding from various grant programs to help take on economic development initiatives. There are numerous grant programs available to cities provided by various state and federal agencies related to economic development and downtown redevelopment. The Community Development Block Grant program (CDBG) administered by the U.S. Department of Housing and Urban Development (HUD) provides grants on an annual basis to states and eligible local governments for community development activities. In some cases, communities may choose to use these dollars for business retention and job growth activities. The City should also explore the use of these dollars for downtown redevelopment. The Minnesota Department of Employment and Economic Development is another agency with financial assistance available to local governments for business development, infrastructure, community development and site cleanup and redevelopment. Many other funding sources exist and city staff should monitor and pursue these opportunities when appropriate.

Vision for Economic Development

The City of North Branch will foster a thriving and resilient economy by supporting strategic business growth, investment, and innovation while preserving the community's high quality of life. Through strong partnerships, infrastructure readiness, efficient development processes, and a customer-focused approach, North Branch will position itself as a preferred destination for business expansion, entrepreneurship, workforce development, and long-term economic prosperity.~~The City of North Branch will remain focused on retaining a high quality of life, while at the same time working to encourage and facilitate job growth in its commercial and industrial sectors.~~

Goals, Objectives, and Policies

The following goals, objectives, and policies provide a framework to guide economic development decisions and investments throughout the planning period. Together, they are intended to support a business-friendly environment, enhance economic competitiveness, encourage strategic growth, and advance the community vision outlined in this Comprehensive Plan.~~The following section outlines the primary goals for economic development, followed by a series of objectives and policies intended to influence future economic development efforts that align with the community visions in this plan.~~

GOAL 1: ~~Encourage economic growth to meet the demand for commercial and industrial development.~~ Promote Strategic Economic Growth and Investment

Objective 1.1: Develop the Interstate Business Park as a premier regional employment center.

Policy 1.1.1: Market North Branch's strategic location along Interstate 35, and available infrastructure, and development-ready sites to targeted industries and site selectors.~~Strive~~

~~to maximize the community's strategic location as a valuable resource, promoting the Opportunity Zone designation whenever possible~~.

Policy 1.1.2:~~ Actively target companies, both large and small, that offer good employment prospects, draw from the local labor pool, and are good corporate citizens~~. Recruit businesses that provide quality employment opportunities, strengthen the tax base, diversify the local economy, and demonstrate a commitment to community stewardship.

Policy 1.1.3: Coordinate housing, transportation, utility, and workforce initiatives that support business growth and employee attraction.~~Work to maintain a labor force in the immediate area that supports the growth of business and industry in the Interstate Business Park, including but not limited to expanding the inventory of affordable housing, providing transportation alternatives and encouraging expansion of services.~~

Policy 1.1.4: Continue to pursue rail-served development opportunities and coordinate with regional partners to evaluate expansion of rail infrastructure serving the Interstate Business Park.~~Coordinate with stakeholders and regional partners to identify users of rail and support development of rail spur adjacent to the Interstate Business Park.~~

Policy 1.1.5: Ensure public infrastructure investments are strategically aligned with economic development opportunities and maximize return on investment.

Objective 1.2: Strengthen and r~~R~~evitalize the historic downtown areas of North Branch.

Policy 1.2.1: Support reinvestment, redevelopment, adaptive reuse, and occupancy of vacant or underutilized properties~~Address unique development challenges including the reuse and redevelopment of vacant buildings in the historic downtown areas~~.

Policy 1.2.2: Enhance downtown accessibility, walkability, parking availability, wayfinding, and public spaces to support business activity~~Explore and implement plans to enhance pedestrian friendly features, promote available parking, and collaborate with Minnesota Department of Transportation to establish safe pedestrian crossings at intersections within the downtown area.~~

Policy 1.2.3: Promote downtown as a destination for local businesses, dining, services, events, and community gathering spaces.

GOAL 2: ~~Balance the use of undeveloped land and infill development throughout the City.~~ Create a Predictable and Business-Friendly Development Environment

Objective 2.1: Improve development readiness and speed to market.~~Continue and expand redevelopment efforts.~~

Policy 2.1.1: Maintain efficient, transparent, and predictable development review processes that provide certainty for businesses and developers.~~Foster private investment and economic activity without compromising community objectives to maintain and enhance North Branch's natural environment.~~

Policy 2.1.2: Regularly evaluate ordinances, policies, and procedures to identify opportunities to remove unnecessary barriers to investment while maintaining community standards.~~Promote the areas north of TH95 as being designated for Opportunity Zone tax treatment to further enhance private investment in those areas.~~

Policy 2.1.3: Utilize technology, project management tools, development guides, and standardized review processes to improve customer service and responsiveness.

Policy 2.1.4: Coordinate development review across City departments to reduce timelines and improve communication with applicants.

Policy 2.1.5: Maintain an inventory of development-ready sites and proactively address infrastructure constraints that may delay investment.

GOAL 3: Support Existing Businesses and Foster New Opportunities~~Enhance North Branch's reputation as a resource to new and expanding businesses.~~

Objective 3.1: Retain, expand, and attract businesses that contribute to the long-term economic vitality of North Branch~~Retain~~, expand and attract~~ and support local business and industry.~~

Policy 3.1.1: Prioritize business retention and expansion outreach efforts to identify opportunities, challenges, and emerging business needs.~~Set attracting new, and retention of existing, businesses and industries as a priority of the City's economic development plan.~~

Policy 3.1.2: Work collaboratively with businesses to identify and address barriers to expansion, redevelopment, and workforce recruitment.~~Continue outreach by City Staff and Elected Officials whereby the City representatives meet periodically on an individual basis with businesses and industries to listen to concerns and discuss opportunities for success. During these meetings, identify any perceived or real barriers or obstacles (such as overly restrictive ordinances) that the City could potentially remove or minimize to help industries and businesses prosper, while still protecting the overall health, safety and welfare of the community.~~

Policy 3.1.3: Coordinate with regional organizations, the North Branch School District, higher education institutions, and others in their efforts to promote training opportunities that can help businesses and industries prosper. If appropriate, co-sponsor and/or offer City facilities and/or meeting space for employee training programs.

Policy 3.1.4: Promote North Branch's quality of life, workforce, transportation access, and business-friendly environment as competitive advantages.~~Continue to promote North Branch's high quality of life as a means to help attract new businesses and industries.~~

Policy 3.1.5: Periodically evaluate and promote economic development tools and incentives that encourage investment and redevelopment.~~Continue to work with local businesses and industries to ensure needs for expansion and development are adequately met.~~

Policy 3.1.6: Utilize data, market analysis, and business feedback to guide economic development priorities and investments.~~Pursue ways to streamline the development approval process while still maintaining high quality development standards, by using consistent work flow practices, checklists, and hosting developer information sessions regularly.~~

Policy 3.1.7: Periodically review and promote economic development incentive programs such as Tax Increment Financing (TIF), Tax Abatement, utility energy and water efficiency design and improvement programs, county and state waste and pollution prevention assistance and other regional, state and national loan, grant and incentive programs to support business growth and development.

GOAL 4: Leverage Partnerships to Advance Economic Development

Objective 4.1: Strengthen collaboration among public, private, educational, and regional partners.

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Policy 4.1.1: Coordinate with regional economic development organizations, utilities, educational institutions, and workforce agencies to support business growth.

Policy 4.1.2: Pursue grant funding, infrastructure partnerships, and collaborative initiatives that advance economic development objectives.

Policy 4.1.3: Support workforce development programs that align educational opportunities with employer needs.

Policy 4.1.4: Foster strong working relationships with developers, property owners, investors, and community organizations to facilitate successful projects.

GOAL 5: Support Growth that Enhances Community Quality of Life

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Objective 5.1: Balance economic growth with community character, environmental stewardship, and fiscal sustainability.

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Policy 5.1.1: Encourage development patterns that efficiently utilize public infrastructure and services.

Policy 5.1.2: Support housing opportunities that meet workforce and market demands.

Policy 5.1.3: Promote investment that strengthens the City's tax base and enhances the quality of life for residents.

Policy 5.1.4: Encourage redevelopment and infill opportunities that make efficient use of land and existing infrastructure.

NORTH BRANCH

City of North Branch
Staff Report

Prepared By: Nathan Sondrol, Community Development Director

Presenter: Nathan Sondrol, Community Development Director

Date: 07/16/2026

Board & Commission: Economic Development Authority

Subject: Storefront Facade Program - 6943 St Croix Trail

Overview / Background

The Economic Development Authority (EDA) budget for Fiscal Year 2026 included $75,000, allowing the EDA to establish a Storefront Rehabilitation Grant Program. The funding is intended to help incentivize façade restoration and enhancements by businesses and/or property owners that restore the "historic" existing buildings within the old downtown area. The program funding is set up as technically a 0% forgivable loan over a five (5) year term, with repayment waived 20% each year through the end of the term. At that time, the funding becomes a "grant." Should the property change hands at any time during the five (5) year timeline, the remaining balance would be due at the time of said transaction. The property owners would be required to agree to either a mortgage or some type of loan security.

The attached policy funds covering 50% of the improvement cost up to $25,000. This would allow for up to three (3) "grants". The EDA has discretion to approve a larger funding award to a business, if the project meets the program intent and also meets the program goals with the district, and also supports the vision and goals for the Central Business District / Downtown area. The program establishes guidelines and defines eligible and ineligible improvements for the funding, as well as maintenance requirements.

Funding is intended to restore the storefronts of the existing buildings to their original appearances as they existed at the time of their construction. Given the age of many of the buildings, and historic photos, those storefronts included large floor-to-ceiling windows with recessed doors. Most of the buildings were brick facades.

Although the focus is on restoration of existing buildings, the guidelines can serve as guidance to new buildings and/or restoration of newer buildings. Thus, the EDA has discretion to award funding to update and upgrade non-historic buildings within the district, but are still important to fund such improvements.

There has been interest expressed in the program and an application has been submitted by Northbrook Church to their building located at 6943 St Croix Trail. The applicant is proposing improvements to the site including: siding, paint, lighting, signage and concrete.   The proposed project is located outside the current downtown storefront facade program boundary. The proposed improvements are attached.

Recommended Economic Development Authority Action

To provide input and direction on the application submitted for the proposed façade improvements to building at 6943 St Croix Trail

Voting Requirements:

Voting Options **Simple Majority Super Majority**

CITY OF NORTH BRANCH EST. 1881

FAÇADE IMPROVEMENT FORGIVABLE LOAN PROGRAM

APPLICANT / OWNER INFORMATION

Full Name: LOREN BEACH	
Address: 4792 400TH STREET	NORTH BRANCH MN 55056
Phone: 651-434-9090	
Email:	LBEACH180@GMAIL.COM

BUSINESS INFORMATION

Name of Business Owner:	Northbrook Church		Same As Applicant ☐
Name of Business:	Northbrook Church		
Name of DBA:			

PROPERTY INFORMATION

Site Address:	6943 St Croix Trail, North Branch, MN 5	PID	
Building Status:	☐ Owner Occupied	☐ Tenant Lease	
Use Type: CHURCH			
Current Land Use: CHURCH	SPACE		
Current Zoning:	BUSINESS		

FAÇADE IMPROVEMENTS

☑ Full Restoration	☑ Masonry Repairs	☑ General Maintenance	☐ Windows & Doors
☑ Canopy & Awnings	☑ Signage & Lighting	☐ Other:	

PROJECT COST & TIMELINES

PROJECT ESTIMATES *(Detailed opinion of probable cost required.)*

Total Project	Eligible Costs	Private Match	Request	Start Date	Completion Date
$ See attached	$	$ 25000	$ 25000	8/3/26/ /	/ /

CITY REVIEW

Total Project	Eligible Costs	Private Match	Public Match	Grant Maximum	Review Date
$	$	$	$	$25,000.00	/ /

ARCHITECT/ CONTRACTOR INFORMATION

Company Name:	LARRY BEACH CONSTRUCTION
Company Contact:	LARRY BEACH
Address:	4731 400TH STREET NORTH BRANCH MN 55056
Phone:	612-363-5343
Email:	beachhomesinc@yahoo.com

PROJECT SUMMARY

In the space below provide a brief description of the proposed project (attach an additional sheet if necessary).

We recognize that this building is not within the perameters of this program location however with recent talks within the EDA we would like you to consider this building for the facade program. We have invested hundreds of thousands of dollars into the interior restoration as well as exterior site improvements/cleanup. This project was a huge undertaking and has revived an old eyesore within the district. Being able to do the exterior would greatly complete this full restoration and update this building with a modern look.

FAÇADE IMPROVEMENT FORGIVABLE LOAN PROGRAM

PROGRAM TERMS & CONDITIONS

PROGRAM FUNDING

Matching Grants range from a minimum of $5,000 to a maximum of $20,000 per storefront or building. All grants must be matched by the property owner. The Matching Grant will pay for only 50% of the total eligible project costs, up to the $20,000 grant limit. The approved Matching Grant amount will only be paid by the City upon completion of the work, and a formal written request for payment and final invoice is provided by the Applicant to the City.

TERMS & CONDITIONS

The Matching Grant is structured as a 5-year loan with no payments, with 20% of the loan being forgiven each year for 5 years. If the building is sold before 5 years, the balance of the loan must be repaid by the Applicant.

The City of North Branch has the right to terminate any agreement under the Façade Improvement Matching Grant Program, if an Applicant is found to be in violation of any conditions set forth in these guidelines, or if work is not completed within required timelines. If terminated by the City, the City shall not be obligated to make any payment to the Applicant. If at any point after the project is completed, the Applicant is found to have violated the terms and conditions of the Program or Grant Agreement with the City, the Applicant shall be responsible for repaying 100% of the Matching Grant to the City.

PROGRAM REQUIREMENTS

1. A signed and approved Grant Agreement is required for the applicant to be eligible to receive any funding from the Façade Improvement Matching Grant Program.
2. All work must be done in accordance with all local, state, and federal building codes, the City of North Branch Zoning Code, Downtown Design Guidelines, other applicable Downtown standards, and the rules and regulations for the Façade Improvement Matching Grant Program.
3. Labor costs are only eligible to be covered by the grant if the labor is done by a third party who has no financial interest in the building (i.e. building owners may not receive funds for labor that they completed on the project).
4. All construction must be completed in strict compliance with any approved plans and applicable local, state and federal rules and regulations.
5. All work must be completed within 6 months from the date the grant is approved by the City and any applicable agreements, as required by the City, are executed.
6. The Applicant may not assign the program obligations and/or payment of the Matching Grant to any other party or person.

CITY OF NORTH BRANCH EST. 1881

FAÇADE IMPROVEMENT FORGIVABLE LOAN PROGRAM

ACKNOWLEDGEMENT

APPLICANT STATEMENT

I acknowledge the Program Terms and Conditions, as stated herein, and to the best of my knowledge, all of the applicable materials and documents and information I have submitted are true and correct. I have read the Façade Improvement Matching Grant Program and Terms and Conditions, and understand the rules and regulations as set therein. I agree to hold harmless and indemnify the City, and its officers and employees, for any claims for damage to property or injury to persons which may be occasioned by any activity carried on under the terms of this license.

Loren Beach (Board Member)
Applicant Signature

6-27-26
Date

REQUIRED ATTACHMENTS	
Financial	Project budget with Opinion of Probable Cost and/or detailed, line-item estimate.
Architectural Drawings	Scaled drawings of proposed façade improvements with color renderings.
Photos	Pictures of current storefront.
Other	Other information as may be required by the City.

INVOICE

LARRY BEACH
CONSTRUCTION ,INC

4731 400TH ST.
NORTH BRANCH, MN 55056

612-363-5343

SOLD TO:

DATE: 6/22/26

PROJECT: Northbrook Church façade update

DESCRIPTION	AMOUNT
Northbrook Church Façade Update and reconstruct	$78,870
-Remove and replace existing siding and dispose of materials	
-Wrap windows with LP Smart siding around windows	
-Install aluminum soffit and facia	
-Continue siding over foundation block work to cover exposed block, wrap and insulate block	
-Rebuild and reinforce front pillars	
-Pressure wash front brick and coat with masonry coating	
-Remove and replace rear deck	
-Remove and replace excisting roofing and dispose of materials	

Thank You

Due upon Receipt of Invoice


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CHURCH


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