



NORTH BRANCH

—Minnesota—

Sara Paul
Chair

Dennis Johnson
Vice Chair

Jessica Thelander
Commissioner

Kevin Schieber
Mayor

Peter Schaps
Councilmember

**ECONOMIC DEVELOPMENT AUTHORITY
REGULAR AGENDA
TUESDAY, AUGUST 20, 2024 @ 3:30 PM
CITY HALL, 6408 ELM STREET, NORTH
BRANCH, MN 55056**

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. ROLL CALL
4. AGENDA APPROVAL
 - a. Approve Agenda ACTION
5. CONSENT AGENDA
 - a. July 16, 2024 EDA Meeting Minutes ACTION
6. PRESENTATION & PROCLAMATION
7. PUBLIC COMMENT
8. STAFF REPORTS
 - a. North Branch Area Schools Update VERBAL UPDATE
 - b. Chisago County HRA-EDA Update VERBAL UPDATE
 - c. North Branch Area Chamber of Commerce Update VERBAL UPDATE
 - d. EDA Executive Director Update VERBAL UPDATE
 - e. 2024 Second Quarter Building Activity Report INFO
 - f. 2025 EDA Operating Budget ACTION

g. Discuss Downtown Storefront Rehabilitation Grant Program

VERBAL
UPDATE

h. Approval of Amendments to the EDA Bylaws

ACTION

9. NEXT MEETING - 09/16/2024 5:30 PM

10. CLOSED SESSION

11. 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.



Prepared By:

Presenter:

Date: 08/16/2024

Board & Commission: Economic Development Authority

Subject: July 16, 2024 EDA Meeting Minutes

Voting Requirements:

Voting Options Simple Majority



NORTH BRANCH —Minnesota—

Sara Paul
Chair

Dennis Johnson
Vice Chair

Jessica Thelander
Commissioner

Nyle LaGrange
Commissioner

Marshall Saunders
Commissioner

Peter Schaps
Councilmember

Kevin Schieber
Mayor

**ECONOMIC DEVELOPMENT AUTHORITY
REGULAR AGENDA
TUESDAY, JULY 16, 2024 @ 3:30 PM
CITY HALL, 6408 ELM STREET, NORTH
BRANCH, MN 55056**

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

REGULAR MEETING

Tuesday, July 16, 2024

1. CALL TO ORDER

The North Branch Economic Development Authority met in REGULAR meeting and Chair Paul called the meeting to order at 3:30 PM.

2. PLEDGE OF ALLEGIANCE

Vice-Chair Johnson led the pledge of allegiance.

3. ROLL CALL

Present: Chair Sara Paul, Vice Chair Dennis Johnson, Mayor Kevin Schieber, Commissioner Nyle LaGrange, Councilmember Peter Schaps

Absent: Commissioner Jessica Thelander, Commissioner Marshall Saunders

Remote:

Others Present: GIS Specialist/Parks Director & Acting EDA Executive Director Sondrol, Interim City Administrator Woulfe, City Clerk/IT Director Varma,

Notes: GIS Specialist/Parks Director Sondrol took the roll call.

4. AGENDA APPROVAL

a. Approve Agenda

ACTION

RESULT: Passed

MOVER: Dennis Johnson

SECONDER: Nyle LaGrange

AYES: Sara Paul, Dennis Johnson, Kevin Schieber, Nyle LaGrange, Peter Schaps

ABSENT: Jessica Thelander, Marshall Saunders

NOTES:

5. CONSENT AGENDA

a. Approval of May 21 EDA Minutes

ACTION

RESULT: Passed

MOVER: Dennis Johnson

SECONDER: Nyle LaGrange

AYES: None

ABSENT: Jessica Thelander, Marshall Saunders

NOTES:

6. PUBLIC COMMENT

There were no public comments.

7. PRESENTATIONS

There were no presentations.

8. REPORTS

a. North Branch Area Schools Update

VERBAL
UPDATE

Chair Paul provided update on the North Branch Area Schools.

b. Chisago County HRA-EDA Update

VERBAL
UPDATE

GIS Specialist/Parks Director Sondrol update the Commission on the Chisago County HRA-EDA.

c. North Branch Area Chamber of Commerce Update

VERBAL
UPDATE

Executive Director for the North Branch Area Chamber of Commerce provided update.

d. EDA Executive Director Update

VERBAL
UPDATE

GIS Specialist/Parks Director Sondrol acting EDA Executive Director provided the EDA update.

9. OLD BUSINESS

a. Finalize Discussion Regarding Proposed Amendments to the EDA Bylaws

VERBAL
UPDATE

Chair Paul stated that the subcommittee took a look at the EDA By-Laws which consisted of past Chair Paul. Commissioner LaGrange and past Interim City Administrator Ziemer.

- 10. NEW BUSINESS
- 11. NEXT MEETING - TUESDAY, AUGUST 20, 2024 @ 3:30 PM
- 12. ADJOURNMENT
- 13. FUTURE EDA AGENDA ITEMS

Future Agenda Items as proposed by the Commission.

- a. Future EDA Items

INFO



Prepared By:
Nathan Sondrol, GIS Specialist/Parks Director
Presenter: Nathan Sondrol, GIS Specialist/Parks Director
Date: 08/13/2024

Board & Commission:

Subject: 2024 Second Quarter Building Activity Report

The Building Activity Report is provided quarterly; attached is the report for 2024 Quarter 2. This report is provided as informational only.

Voting Requirements:

2024 Building Activity Report

Month	New SFD House/Att. Garage		Detached Accessory Structures		Other Building Permits		Additions		Other Permits		New Commercial		Other Commercial	
	#	Value	#	Value	#	Value	#	Value	#	Value	#	Value	#	Value
January	3	548,038	0	-	19	330,079	0	-	17	245,933	0	-	3	\$35,000.00
February	3	482,315	0	-	9	239,020	0	-	19	71,789	0	-	5	\$441,300.00
March	13	2,217,826	0	-	25	295,715	0	-	40	290,981	0	-	3	\$111,000.00
April	12	1,953,920	0	-	35	537,720	0	-	49	491,278	0	-	8	\$323,943.00
May	19	3,408,910	2	38,360	42	704,302	0	-	37	371,509	0	-	3	\$11,600.00
June	8	1,588,104	2	87,360	39	541,695	2	170,660	56	565,114	0	-	2	\$67,800.00
July	20	3,721,483	0	-	48	1,011,819	0	-	52	383,149	2	2,799,100	4	\$124,433.00
August														
September														
October														
November														
December														
SUBTOTAL	78	\$13,920,596	4	\$125,720	217	\$3,660,350	2	\$170,660	270	\$2,419,753	2	\$2,799,100	28	\$1,115,076.00
Total permits Issued For Year							=		601					
Total Value of All Permits Issued For Year							=		\$24,211,255					

Other building permits include: roofing, siding, decks and other building alterations.

Other permits include: plumbing, mechanical, septic, fences, pools and detached accessory structures under 200 sq. ft.

Month	Total Number of Inspections
January	170
February	168
March	238
April	433
May	381
June	392
July	501
August	
September	
October	
November	
December	
Total Inspection for Year	= 2283

YEAR	Home Starts	1st QTR	2nd QTR	3rd QTR	4th QTR	INSPECTIONS
2005	90	10	34	33	13	
2006	29	8	10	7	4	
2007	27	3	9	13	2	
2008	8	1	3	3	1	
2009	5	0	2	1	2	
2010	2	2	0	0	0	
2011	5	0	2	1	2	
2012	31	1	8	12	10	
2013	41	5	13	12	11	
2014	36	5	11	15	5	
2015	45	7	6	14	18	
2016	50	8	16	14	18	2283
2017	42	6	14	13	9	1999
2018	73	10	24	24	15	2581
2019	49	6	17	8	18	2510
2020	113	4	36	47	26	3486
2021	102	32	27	33	10	3577
2022	64	4	22	30	8	3304
2023	98	9	34	46	9	4489
2024	58	19	39			2283



Prepared By:
Nathan Sondrol, GIS Specialist/Parks Director
Presenter: Sharon Wright, Finance Director
Date: 08/16/2024

Board & Commission: Economic Development Authority

Subject: 2025 EDA Operating Budget

Finance Director Wright will provide an overview of the proposed 2025 EDA operating budget for consideration.

Voting Requirements:

Voting Options Simple Majority

ECONOMIC DEVELOPMENT AUTHORITY (EDA)										
REVENUES										
Account Number		Description	2022 Actual	2023 Actual	2024 Adopt	2024 YTD	2024 PROJ	2025 Draft	+/-	Detail
201	31010	Current Ad Valorem Taxes (HRA)	\$ -	\$ -	(\$289,566.00)	\$ -	\$ (275,087.70)	(\$283,355.97)	\$ 6,210.03	HRA Ad Valorem Taxes @ 0.01850% of EMV
201	31010	Current Ad Valorem Taxes (EDA)	\$ (126,969.00)	\$ (164,530.35)	(\$283,775.00)	\$ -	\$ (269,586.25)	(\$277,688.85)	\$ 6,086.15	EDA Ad Valorem Taxes @ 0.01813% of EMV
201	31020	Delinquent Ad Valorem Taxes	\$ (645.00)	\$ (1,741.28)	\$ -	\$ -	\$ -	\$ -	\$ -	
201	31080	EDA/HRA Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
201	32214	Licenses & Permits	\$ -	\$ (1,000.00)	\$ -	\$ -	\$ -	\$ -	\$ -	
201	33402	Market Value Credit	\$ (305.00)	\$ (811.94)	\$ -	\$ -	\$ -	\$ -	\$ -	
201	34950	Other Revenues	\$ -	\$ -	\$ (4,024.00)	\$ -	\$ -	\$ (4,066.44)	\$ -	Engdahl/Property Tax Due City per Farm Lease
201	36210	Interest Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
201	36220	Other Rents & Royalties	\$ -	\$ (3,600.00)	\$ (3,600.00)	\$ (2,100.00)	\$ (3,600.00)	\$ (3,600.00)	\$ -	Lamar Advertising @ \$300/month
201	39203	Transfer from Other Fund	\$ -	\$ -	\$ (185,000.00)	\$ -	\$ (175,750.00)	\$ (202,945.00)	\$ -	Transfer In - General Fund / EDA operations
ECONOMIC DEVELOPMENT AUTHORITY (EDA)			\$ (127,919.00)	\$ (171,683.57)	\$ (765,965.00)	\$ (2,100.00)	\$ (724,023.95)	\$ (771,656.26)	\$ 5,691.26	

EXPENSES										
Account Number		Description	2022 Actual	2023 Actual	2024 Adopt	2024 YTD	2024 PROJ	2025 Draft	+/-	Detail
201	46500	50101 Employee Wages & Salaries	\$ 65,081.00	\$ 117,207.86	\$ 84,874.00	\$ 43,776.84	\$ 81,299.85	\$ 82,949.00	\$ (1,925.00)	60% ED/40% CDD - 1.2% GIS
201	46500	50121 PERA	\$ 3,787.00	\$ 6,881.32	\$ 6,275.00	\$ 3,095.69	\$ 5,749.14	\$ 6,221.00	\$ (54.00)	60% ED/40% CDD - 1.2% GIS
201	46500	50122 FICA & Medicare	\$ 4,768.00	\$ 7,228.30	\$ 6,495.00	\$ 3,501.15	\$ 6,502.14	\$ 6,346.00	\$ (149.00)	60% ED/40% CDD - 1.2% GIS
201	46500	50131 Employer Paid Health	\$ 9,144.00	\$ 5,438.68	\$ 4,074.00	\$ 1,747.10	\$ 3,244.61	\$ 14,070.00	\$ 9,996.00	60% ED/40% CDD - 1.2% GIS
201	46500	50151 Workers Compensation Insurance	\$ 586.00		\$ 625.00	\$ -	\$ -	\$ 750.00	\$ 125.00	
201	46500	50210 Operating Supplies	\$ 1,850.00		\$ 200.00	\$ -	\$ -	\$ 200.00	\$ -	
201	46500	50300 Professional Services	\$ 12,479.00	\$ 13,457.11	\$ -	\$ 21,633.25	\$ 43,266.50	\$ -	\$ -	
201	46500	50301 Audting & Accounting Services	\$ 1,004.00	\$ 1,486.36	\$ 1,000.00	\$ 4,458.53	\$ 5,573.16	\$ 1,000.00	\$ -	
201	46500	50302 Planning Services	\$ -	\$ -	\$ 35,000.00	\$ -	\$ -	\$ -	\$ (35,000.00)	
									\$ -	Downtown MP (\$32,000 @ 100% CDD)
									\$ -	Business Park MP (100% EDA)
201	46500	50303 Enginering Services	\$ 13,781.00	\$ 7,695.12	\$ 16,500.00	\$ 4,614.50	\$ 9,229.00	\$ 10,000.00	\$ (6,500.00)	
									\$ 10,000.00	General Engineering Services
									\$ -	Downtown Parking (\$23,000 @ 50% EDA)
201	46500	50304 Legal Services	\$ -	\$ 14,250.00	\$ 3,000.00	\$ 1,638.75	\$ 3,277.50	\$ 10,000.00	\$ 7,000.00	
									\$ 10,000.00	General Legal Services
201	46500	50331 Travel Expenses	\$ 117.00	\$ 30.13	\$ 2,500.00	\$ -	\$ -	\$ 2,500.00	\$ -	
									\$ 1,100.00	Conference Hotel (excl EDAM)
										Mileage

												\$ 400.00	Conference Mileage (EDAM)
												\$ 500.00	SLUC Luncheons Mileage
												\$ 500.00	General Mileage
201	46500	50332	Conference & Training	\$ 81.00	\$ 262.90	\$ 1,735.00	\$ -	\$ -	\$ 1,735.00	\$ -			
												\$ 325.00	EDAM Winter Conferene
												\$ 370.00	EDAM Summer Conference
												\$ 500.00	MNCAR Expo
												\$ 540.00	NBACC Chamber Luncheons
201	46500	50334	Meeting Expense	\$ -	\$ -	\$ -	\$ 306.58	\$ 613.16	\$ -	\$ -			
201	46500	50343	Marketing Expense	\$ 1,363.00	\$ 4,280.53	\$ 4,200.00	\$ 210.00	\$ 420.00	\$ 5,200.00	\$ 1,000.00	NBACC Silver \$1399, Gold \$2499, Platinum \$3599		
												\$ 699.00	NBACC Bronze Sponsor
												\$ 350.00	NBACC Golf Tourney Hole Sponsorship
												\$ 115.00	NB Beautification Flower Basket
												\$ 200.00	Old Highway 61 Coalition
												\$ 1,200.00	MNCAR Expo Sponsor (Tote Bag or Expo Booth)
												\$ 2,636.00	General Marketing
201	46500	50351	Legal Notices Publishing	\$ -	\$ -	\$ 120.00	\$ -	\$ -	\$ 120.00	\$ -			
201	46500	50352	General Notices & Public Information	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
201	46500	50360	Insurance	\$ 875.00	\$ 880.29	\$ 800.00	\$ 1,021.00	\$ 1,021.00	\$ 960.00	\$ 160.00			
201	46500	50430	Miscellaneous Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
201	46500	50433	Dues & Subscriptions	\$ 1,528.00	\$ 985.44	\$ 895.00	\$ 850.00	\$ 850.00	\$ 895.00	\$ -			
												\$ 320.00	EDAM
												\$ 325.00	MNCAR Membership
												\$ 250.00	SLUC (Organizational)
201	46500	50443	Recording Fees	\$ -	\$ 56.00	\$ -	\$ -	\$ -	\$ -	\$ -			
201	46500	50455	Property Taxes & Assessments	\$ -	\$ 858.00	\$ 28,595.00	\$ -	\$ 28,595.00	\$ 29,374.58	\$ 779.58	Coded to Fund 476. Cost shown is 2023 x 3.0%		
												\$ 858.00	Cherokee Place Property taxes/11.00359.27
												\$ -	11.00331.00 (NB EDA)
												\$ 1,386.38	11.00359.26 (NB EDA)
												\$ 1,126.82	11.00359.30 (NB EDA) - No Tax in 2022
												\$ 4,066.44	11.01072.02 (NB EDA / FARM ESTATE-BILL BACK)
												\$ 1,996.14	11.01072.05 (NB EDA)
												\$ 1,740.70	11.01072.06 (NB EDA)
												\$ 1,998.20	11.01072.07 (NB EDA)
												\$ -	11.01072.10 (NB EDA / POND)
												\$ 3,876.92	11.01072.13 (NB EDA)
												\$ -	11.01072.16 (HRA-EDA)
												\$ -	11.01072.17 (HRA-EDA)
												\$ -	11.01072.18 (HRA-EDA)
												\$ 1,246.30	11.01072.19 (HRA-EDA / ROW)
												\$ -	11.01072.21 (HRA-EDA)
												\$ 150.38	11.01072.24 (HRA-EDA)
												\$ 531.48	11.01072.25 (HRA-EDA)
												\$ 1,886.96	11.01072.26 (HRA-EDA)
												\$ 1,563.54	11.01072.28 (NB EDA)

									\$	1,400.80	11.01072.29 (NB EDA)
									\$	1,394.62	11.01072.30 (NB EDA)
									\$	920.82	11.01072.31 (NB EDA)
									\$	943.48	11.01072.32 (NB EDA)
									\$	2,286.60	11.01072.33 (NB EDA)
201	46500	Transfers Out	\$ -	\$ -	\$ 345,000.00	\$ -	\$ 345,000.00	\$ 345,000.00	\$ -		
									\$ 345,000.00	Business Park Debt - Principal + Interest + Fees	
201	46510	Economic Development & Assistance	\$ -	\$ -	\$ 75,000.00	\$ -	\$ -	\$ 75,000.00	\$ -		
									\$ 75,000.00	Storefront Rehabilitation Program	
									\$ -	Business Assistance Program	
ECONOMIC DEVELOPMENT AUTHORITY (EDA)			\$ 116,444.00	\$ 180,998.04	\$ 616,888.00	\$ 86,853.39	\$ 534,641.06	\$ 592,320.58	\$ (24,567.42)		
ECONOMIC DEVELOPMENT AUTHORITY (EDA)			2022 Actual	2023 Actual	2024 Adopt	2024 YTD	2024 PROJ	2025 Draft			
EDA REVENUES			\$ (127,919.00)	\$ (171,683.57)	\$ (765,965.00)	\$ (2,100.00)	\$ (724,023.95)	\$ (771,656.26)			
EDA EXPENSES			\$ 116,444.00	\$ 180,998.04	\$ 616,888.00	\$ 86,853.39	\$ 534,641.06	\$ 592,320.58			
			\$ (11,475.00)	\$ 9,314.47	\$ (149,077.00)	\$ 84,753.39	\$ (189,382.89)	\$ (179,335.68)	OVER / (UNDER)		

NORTH BRANCH ECONOMIC DEVELOPMENT AUTHORITY
PAY 2024 - BUDGET SUMMARY

Final Budget: 07-10-2024

Revenues	2022 Actual	2023* Actual	2024 Budget	2025 Proposed	
Taxes	\$ 127,614	\$ 166,271	\$ 573,341	\$ 562,316	
Licenses & Permits	\$ -	\$ -	\$ -	\$ -	
Intergovernmental	\$ 305	\$ 1,812	\$ -	\$ -	
Charge for Service	\$ -	\$ -	\$ -	\$ -	
Other Revenues	\$ 3,709	\$ 3,600	\$ 7,624	\$ 7,666	
Transfers In	\$ -	\$ -	\$ 185,000	\$ 202,945	
Total Revenues	\$ 131,628	\$ 171,683	\$ 765,965	\$ 772,927	

Expenditures	2021 Actual	2022 Actual	2023 Budget	2024 Proposed	
Salaries & Benefits	\$ 83,366	\$ 136,756	\$ 102,343	\$ 112,275	
Operating Supplies	\$ 1,850	\$ -	\$ 200	\$ -	
Professional Services	\$ 28,139	\$ 37,769	\$ 56,300	\$ -	
Marketing, Travel& Training	\$ 3,089	\$ 5,615	\$ 9,450	\$ -	
Land & Property Taxes	\$ -	\$ 858	\$ 28,595	\$ -	
Economic Development Assistance	\$ -	\$ -	\$ 75,000	\$ -	
Transfers Out	\$ -	\$ -	\$ 345,000	\$ -	
Total Expenditures	\$ 116,444	\$ 180,998	\$ 616,888	\$ 112,275	

**Note: The 2023 EDA and HRA tax levies totalled \$389,126. That revenue is not shown here as it was receipted into a debt service fund.*

-  EDA + HRA levies combined total.
-  Transfers In are revenues from the General Tax Levy to support EDA operations; adjusted for inflation & value.
-  Transfers Out are to the Debt Service Fund for Business Park debt payments; excludes County HRA-EDA payment.

NORTH BRANCH ECONOMIC DEVELOPMENT AUTHORITY
PAY 2025 - EDA + HRA TAX LEVIES

8/4/2024

2024, Pay 2025	PRE	FINAL	
Estimated Market Value	\$1,535,122,800	\$1,531,653,900	\$3,468,900
Taxable Market Value	\$1,507,014,200	\$1,442,224,900	\$64,789,300
Local Net Tax Capacity	\$15,563,125	\$15,618,790	

2024, Pay 2025	\$1,535,122,800	\$1,531,653,900	
EDA Pay 2024	\$278,318	\$277,689	0.01813%
HRA Pay 2024	\$283,998	\$283,356	0.01850%
	\$562,315	\$561,045	

Tax Cap	\$15,563,125	\$15,618,790	
Tax Rate	3.61313%	3.59211%	Pay 2025
	3.69240%	3.69240%	Pay 2024

EX1: Actual Property Value

Pay 2025	EMV	\$0		
	TMV	(\$37,200)	(\$13)	Pay 2025
Pay 2024	EMV	\$280,800		
	TMV	\$268,800	\$97	Pay 2024
	EDA/HRA Levy	Diff +/-	(\$110)	
		Diff / Mo	(\$9.16)	

EX2: Median Property Value

Pay 2025	EMV	\$0		
	TMV	(\$37,200)	(\$13)	Pay 2025
Pay 2024	EMV	\$316,400		
	TMV	\$307,600	\$114	Pay 2024
	EDA/HRA Levy	Diff +/-	(\$127)	
		Diff / Mo	(\$10.58)	

EX3: Actual Property Value

Pay 2025	EMV	\$0		
	TMV	(\$37,200)	(\$13)	Pay 2025
Pay 2024	EMV	\$370,600		
	TMV	\$366,700	\$135	Pay 2024
	EDA/HRA Levy	Diff +/-	(\$149)	
		Diff / Mo	(\$12.40)	

Tier 1 Constr	\$	4,822,131.00	\$	110,112.00	2.34%	1.82%
Tier 2 Inflat	\$	5,239,856.00	\$	417,725.00		6.91%
Tier 3 Projects	\$	6,046,356.00	\$	806,500.00		13.34%
Debt	\$	414,000.00	\$	414,000.00		
	\$	6,460,356.00	\$	4,712,019.00		77.93%
						100.00%
	\$	1,115.52	\$	20.32		
			\$	77.07		
			\$	148.79		13.34%
			\$	869.34		
			\$	246.18		22.07%
			\$	2.20		

**NORTH BRANCH ECONOMIC DEVELOPMENT AUTHORITY
PAY 2024 - BUDGET SUMMARY**

TRACKING \$\$ MOVEMENT

	2021	2022	2023*	2024
Revenues	Actual	Actual	Budget	Proposed
Taxes	\$ 83,555	\$ 127,614	\$ 167,000	\$ 561,045
Licenses & Permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental	\$ 212	\$ 305	\$ 325	\$ -
Charge for Service	\$ -	\$ -	\$ 200	\$ -
Other Revenue	\$ 3,500	\$ 3,561	\$ 3,500	\$ 3,600
Transfers In	\$ -	\$ -	\$ -	\$ 202,945
Total Revenues	\$ 87,267	\$ 131,480	\$ 171,025	\$ 767,590

	2021	2022	2023	2024
Expenditures	Actual	Actual	Budget	Proposed
Salaries & Benefits	\$ 99,388	\$ 82,748	\$ 128,499	\$ 110,336
Operating Supplies	\$ -	\$ 1,850	\$ 200	\$ 200
Professional Services	\$ 38,729	\$ 29,700	\$ 35,520	\$ 21,000
Repairs & Maintenance	\$ 1,149	\$ 1,528	\$ 7,420	\$ 115,785
Transfers Out	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ 139,266	\$ 115,826	\$ 171,639	\$ 247,321

*Note: The 2023 EDA and HRA tax levies totalled \$389,126. That revenue is not shown here as it was receipted into a debt service fund.

-  EDA + HRA levies combined total.
-  Transfers In are revenues from the General Tax Levy to support EDA operations; adjusted for inflation & value.
-  Transfers Out are to the Debt Service Fund for Business Park debt payments; excludes County HRA-EDA payment.

NORTH BRANCH ECONOMIC DEVELOPMENT AUTHORITY
PAY 2024 - EDA + HRA TAX LEVIES

2022, Pay 2023

Estimated Market Value	\$1,396,243,000
Taxable Market Value	\$1,335,043,100
Local Net Tax Capacity	\$14,273,281

2022, Pay 2023	\$1,396,243,000		Actual	
EDA Pay 2024	\$253,139	0.01813%	\$192,598	76.08393%
HRA Pay 2024	\$258,305	0.01850%	\$196,528	76.08371%
	\$511,444			

Tax Cap	\$14,273,281			
Tax Rate		3.58323%	Pay 2024	
		2.72625%	Pay 2023	2.71925%

EX1: Actual Property Value

Pay 2024	EMV	\$280,800		
	TMV	\$268,800	\$96	Pay 2024
Pay 2023	EMV	\$264,000		
	TMV	\$250,500	\$68	Pay 2023
	EDA/HRA Levy	Diff +/-	\$28	
		Diff / Mo	\$2.34	

EX2: Median Property Value

Pay 2024	EMV	\$316,400		
	TMV	\$307,600	\$110	Pay 2024
Pay 2023	EMV	\$293,000		
	TMV	\$282,100	\$77	Pay 2023
	EDA/HRA Levy	Diff +/-	\$33	
		Diff / Mo	\$2.78	

EX3: Actual Property Value

Pay 2024	EMV	\$370,600		
	TMV	\$366,700	\$131	Pay 2024
Pay 2023	EMV	\$347,800		
	TMV	\$341,900	\$93	Pay 2023
	EDA/HRA Levy	Diff +/-	\$38	
		Diff / Mo	\$3.18	



Prepared By:
Nathan Sondrol, GIS Specialist/Parks Director
Presenter: Nathan Sondrol, GIS Specialist/Parks Director
Date: 06/26/2024

Board & Commission: Economic Development Authority

Subject: Discuss Downtown Storefront Rehabilitation Grant Program

Overview / Background

The Economic Development Authority (EDA) budget for Fiscal Year 2024 included \$75,000, allowing the EDA to establish a Storefront Rehabilitation Grant Program. Officially, the funding would be called Façade Improvement Matching Grant. The concept is to help incentivize façade restoration and enhancements by businesses and/or property owners that restore the “historic” existing buildings within a defined area. According to the attached draft program, the 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 proposes funding covering 50% of the improvement cost up to \$25,000. This would allow for up to three (3) “grants.” Obviously, the EDA change that maximum. The EDA would have some 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. A next step for this program is to track down historical images of the existing buildings within the boundaries; the Max Malmquist books are a great resource.

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 would also have discretion to award funding to update and upgrade non-historic buildings within the district, but are still important to fund such improvements.

See the draft program details – program intent, guidelines and façade grant program details. Again, as the funding is established as a forgivable loan program, the attached documents are necessary to secure the public dollars invested in each project. These are consistently used by other cities that have similar programs. The City Attorney should review the program and attached mortgage and other security documents; the Attorney’s Office may have other suggested documents, including a more simplified approach.

City staff are seeking comments and direction regarding the draft program.

Staff Recommendation

None.

Recommended Economic Development Authority Action

None.

Voting Requirements:

Voting Options Simple Majority

Guidelines for Rehabilitation of Existing Structures and Historic Façades

Background

Downtown North Branch is a traditional Main Street, featuring a variety of historic buildings occupied by small retail shops. It is generally located east of Interstate-35, between County Road 30 / Forest Boulevard and 6th Avenue. The historic core is part of the larger Central Business District zoning district, comprised of a mix of small businesses, public and institutional uses and single-family homes. The Downtown core area is more automobile-oriented with existing buildings that are small and older, finer-grained district features with storefronts fronting sidewalks and historic façades along Main Street.

The existing assets hold great potential for serving as an organizing force for the City's commercial, residential and economic development, and furthering the City's prosperity. Recognizing the vital role that downtowns play in a community's civic, cultural and economic life, the City is seeking to leverage these existing assets to develop and strengthen the City's "sense of place" and build a foundation for development and redevelopment that could take place in future years. This will be supported by a process of deciding what to protect, and what to encourage and discourage as a powerful and lasting markers for orienting Downtown's future evolution.

Desires for quality of life, healthy living and better local economies are showing that the future will belong to communities that can still function as small towns - communities that are walkable, with convenient connection to daily needs, with varied local businesses and institutions, a strong identity, and necessary resources available in a convenient location.

Places that are able to offer these qualities while also being located within convenient distance to larger urban centers will be the ones that attract Millennials, young families and retiring seniors alike - because of their sense of community, natural assets, cultural amenities, and sense of independence. Thus, North Branch is well-positioned for this future by leveraging its history to help redefine the community as a more desirable location for living and working.

Downtown Guidelines

Several of the buildings that affront Main Street / Minnesota Highway 95 are of significant, historic value to the Central Business District and its character. These structures offer opportunities for North Branch to build from its current assets, further its identity, and attract new visitors, residents and businesses. Unfortunately, over time, the majority of these buildings have had many of their architectural details and treatments covered up, altered or removed.

The purpose of these guidelines is to foster the rehabilitation of those historic structures, as well as guide possible new construction, along Main Street in the Central Business District – aka Downtown North Branch. The aim of this reinvestment strategy is to not just rehabilitate those buildings, but also highlight the unique character of Downtown, thereby revitalizing this important place to make it a more attractive destination for residents, businesses and visitors.

These guidelines apply to already-existing buildings built before 1960, and located along Main Street / Highway 95 between County Road 30 and 6th Avenue (east-west) and Elm Street and Maple Street (north-south). The same design characteristics shall also apply to new construction to ensure general consistency of theme for the Downtown area.

Goals for Building Rehabilitation

1. The City's pre-1960s buildings are cultural resources and assets to the cultural heritage of North Branch.
2. Historic buildings should be protected from negative impacts
3. Historic buildings should be rehabilitated and adaptively re-used when feasible

For the purposes of these guidelines, a structure built before 1960 is considered historic.

Purpose of Guidelines

The purpose of rehabilitation guidelines for buildings along the North Branch Main Street area is to define standard treatments for the exterior renovation, restoration and maintenance of pre-1960s buildings within the geographic extent of the district.

The guidelines aim to foster the restoration, repair and preservation of buildings' original exterior façades while incorporating updated materials and practices like thermal pane windows, and upgraded electrical circuitry, fire suppression and heating plants. The goal of the standards is to improve the Main Street area's commercial attractiveness and civic vitality by exhibiting the authentic qualities of the City's pre-1960s buildings.

The Guidelines Require:

1. Review and approval by Zoning Administrator of construction plans and building material samples.
2. Application of the guidelines when more than ten percent (10%) of a building's front or street facing side exterior is the subject of construction activities / modifications.
3. Use of authentic building materials (e.g., brick, cut / finished stone, painted steel, painted wood and transparent glass) when making repairs to or restoring pre-1960's buildings.
4. Restoration of the original building's doorway and window opening patterns and sizes when making repairs or updates to these components.
5. Restoration of the original building cornice and parapet detailing when making repairs or updates to these components.
6. Screening of rooftop mechanical equipment using materials matching or highly compatible with the building's exterior.
7. Exterior renovations and restorations to remove previously applied, non-original materials, awnings and signs.
8. Surface parking lots to be located to the rear and or non-street facing side of the building.

The Guidelines Allow:

1. Replacement of original single pane windows with thermal pane windows that match traditional Main Street architecture.
2. Replacement of wood frame doors and windows with steel or aluminum frame products.

3. Replacement of exterior decorative steel or wood moldings with High-Density Polyurethane, PVC, Glass Fiber Reinforced Polymer (GFRP / fiberglass), and Glass Fiber Reinforced Gypsum (GFRG).
4. Decorative doorway and window awnings in fabric or metal.
5. Externally illuminated projecting signs.
6. Externally illuminated wall signs within a traditional horizontal running upper sign band.
7. Internally illuminated indoor window signs not exceeding five (5) square feet.
8. Restoration of original, historic painted wall signs.
9. Installation of new painted murals of an artistic, non-advertising nature.

Activities that are allowed are those consistent with the historical era and context of the building, and that match or approximate historical images of a building's original storefront

The Guidelines Prohibit:

1. Infilling or covering over original window and door openings.
2. Mirrored , opaque or heavily tinted (greater than 20%) glass.
3. Substitution of nontraditional window types and style such as transom or awning windows substituted for double hung or fixed plate glass display windows.
4. Use of building materials that are not consistent with the history, era, materials or type of the buildings (e.g., use of lap or panel siding, EFIS as a primary material, brushed and polished metal panels (steel, aluminum), concrete block masonry units, etc.).
5. Significant changes (more than 5%) in doorway and window opening shapes and sizes .
6. Combining of adjacent building facades into a single, new façade.
7. Filling/obscuring more than 25% of display windows with signs, temporary and/or permanent.
8. Roof or cornice signs.
9. Free-standing pole or monument signs.

Façade Improvement Matching Grant Program

Purpose of Matching Grant

The purpose of the City of North Branch Façade Improvement Matching Grant Program ("Matching Grant") is to increase business and civic vitality in the North Branch Main Street area by providing economic incentives to improve the appearance of building façades and stimulate private investment in area buildings.

Program Oversight

The North Branch Economic Development Authority (EDA) shall oversee the Façade Improvement Matching Grant Program, including reviewing and approving grant applications, awarding funds, monitoring projects and funding, and other responsibilities as required by the program.

Eligibility to Apply for the Matching Grant Program

Building owners and commercial tenants, with property owner's approval, can apply for a City of North Branch Façade Improvement Matching Grant if all of the following conditions are met.

1. They are located within the City of North Branch Main Street area; see map.
2. The façade improvements are for a commercial business or commercial building.
3. The applicant is the property owner or a tenant with written permission from the property owner to make façade improvements to the building.
4. There are no delinquent bills, charges, or taxes due to the City.
5. The project results in permanent, external building improvements.
6. The property has conforming uses.

All façade improvements must follow the principles and guidelines of the City of North Branch Building Code, Zoning Code, and the Façade Improvement Matching Grant Program.

For-profit and not-for-profit entities are eligible to apply, as long as the grant is for a commercial building, including mixed-use buildings hosting both commercial and non-commercial uses.

A property owner who leases a commercial building for religious use is eligible to apply for the Matching Grant if the improvements do not promote the religious use and would remain in place regardless of changes in the tenant (e.g., tuckpointing, windows, lighting). Signs, stained glass windows, and murals, which would in typical cases be eligible, would be ineligible when used to promote a religious use.

Eligible and Non-Eligible Improvements

Eligible Improvements

The Matching Grant can be used for a wide variety of exterior, façade improvements. The work must be visible from a Main Street, along the building's front. Eligible improvements for the Matching Grants include:

- Exterior painting or re-siding
- Restoration of exterior finishes and materials
- Masonry repairs and tuck pointing
- Removal of architecturally inappropriate or incompatible exterior finishes and materials
- Restoration of architectural details or removal of materials that cover architectural details
- Repair, replacement, or installment of windows and doors (replacements must be architecturally compatible)
- Window and cornice flashing and repair
- Canopy or awning installation or repair
- Installation or repair of exterior signage
- Removal of barriers to access the building from the outside for people with disabilities
- Exterior lighting
- Window, wall, and hanging signs advertising the business name and identity

Ineligible Improvements

The following activities are not eligible for the Matching Grants:

- Improvements that are in progress or were completed prior to preliminary approval of the applicant's Matching Grants application
- Routine maintenance that is not part of an eligible façade improvement project

- Billboards
- Roofing
- Mechanicals and HVAC systems
- Interior work
- New construction
- Pylon, temporary, or roof signs
- Interior window displays
- Security systems (including metal roll down gates, window bars, cameras)
- Fire suppression / sprinkler systems
- Trash and mechanical enclosures
- Fencing
- Landscaping
- Parking areas
- Improvement to a building interior, rear, or side not visible from Main Street
- Purchase of property

Matching Grants Terms and Conditions

General Terms

Matching Grants range from a minimum of \$5,000 to a maximum of \$25,000 per storefront or building. All grants must be matched by the property owner. The Matching Grant will pay only for 50% of the total project costs, up to the \$25,000 grant limit. The EDA reserves the right to adjust the grant award based on available funding and if the project meets an established vision, priority or goal of the Downtown area and/or Central Business District.

The Matching Grant is structured as a five (5) year loan with no payments, with 20% of the loan being forgiven each year for five (5) years. If there is a change of ownership of the building before the five (5) years, the balance of the loan must be repaid by the property owner, unless otherwise approved by the EDA.

The final design is subject to the review and approval of the North Branch EDA. All projects must comply with City ordinances, building standards and other laws. The North Branch EDA has the right to terminate any agreement under the Façade Improvement Matching Grant Program if a participant is found to be in violation of any conditions set forth in these guidelines, or if work is not completed within required timelines.

In addition, the following requirements apply:

- 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.
- The Property Owner must consent to a mortgage.
- 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
- 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. the building owner may not receive funds for labor that he/she completed on the project).

- All construction must be made in strict compliance with any approval plans and applicable local, state and federal rules and regulations.
- 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

Design Guidelines

All proposals/applications are required to follow the **Guidelines** as stated above. These Guidelines ensure the appropriateness of the proposed work, and provide for compatibility with buildings and urban fabric of the North Branch Main Street area.

Building Maintenance Requirements

Buildings receiving Matching Grant funds must receive proactive maintenance to ensure that the Matching Grant investment is protected and leading to the intended outcome for individual buildings and the Main Street area overall.

Maintenance activities include, but are not limited to:

- Upkeep / painting of trim if peeling, fading, and/or flaking conditions exist
- Staining of wood surfaces if fading
- Tuck pointing may be required if loose mortar or brick exists
- Stucco repair may be required if cracked, falling, or discolored conditions exist
- Awning replacement or removal may be required if faded, torn or otherwise in disrepair
- Windows should be in good repair, caulked and sealed as necessary
- Buildings receiving funds from the Matching Grant Program will be inspected once per year by a City staff representing the program, on or around the anniversary date of the receipt of funds, to ascertain that proactive maintenance is being duly completed and that the City's investment is being properly stewarded by the building's owner.
- Failure to adequately maintain the building and its associated improvements and to promptly respond to lawfully issued citations will result in termination of the Matching Grant loan, and the balance of the loan must be repaid by the property owner.



NORTH BRANCH FAÇADE IMPROVEMENT FORGIVABLE LOAN PROGRAM

APPLICANT / OWNER INFORMATION	
Full Name:	
Address:	
Phone:	
Email:	

BUSINESS INFORMATION		
Name of Business Owner:		Same As Applicant
Name of Business:		
Name of DBA:		

PROPERTY INFORMATION			
Site Address:		PID	
Building Status:	Owner Occupied		Tenant Lease
Use Type:			
Current Land Use:			
Current Zoning:			

FAÇADE IMPROVEMENTS							
	Full Restoration		Masonry Repairs		General Maintenance		Windows & Doors
	Canopy & Awnings		Signage & Lighting		Other:		

PROJECT COST & TIMELINES					
PROJECT ESTIMATES <i>(Detailed opinion of probable cost required.)</i>					
Total Project	Eligible Costs	Private Match	Request	Start Date	Completion Date
\$	\$	\$	\$	/ /	/ /
CITY REVIEW					
Total Project	Eligible Costs	Private Match	Public Match	Grant Maximum	Review Date
\$	\$	\$	\$	\$20,000.00	/ /

ARCHITECT/ CONTRACTOR INFORMATION	
Company Name:	
Company Contact:	
Address:	
Phone:	
Email:	

PROJECT SUMMARY
<i>In the space below provide a brief description of the proposed project (attach an additional sheet if necessary).</i>



NORTH BRANCH 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.



NORTH BRANCH FAÇADE IMPROVEMENT FORGIVABLE LOAN PROGRAM

ACKNOWLEDGEMENT

APPLICANT STATEMENT

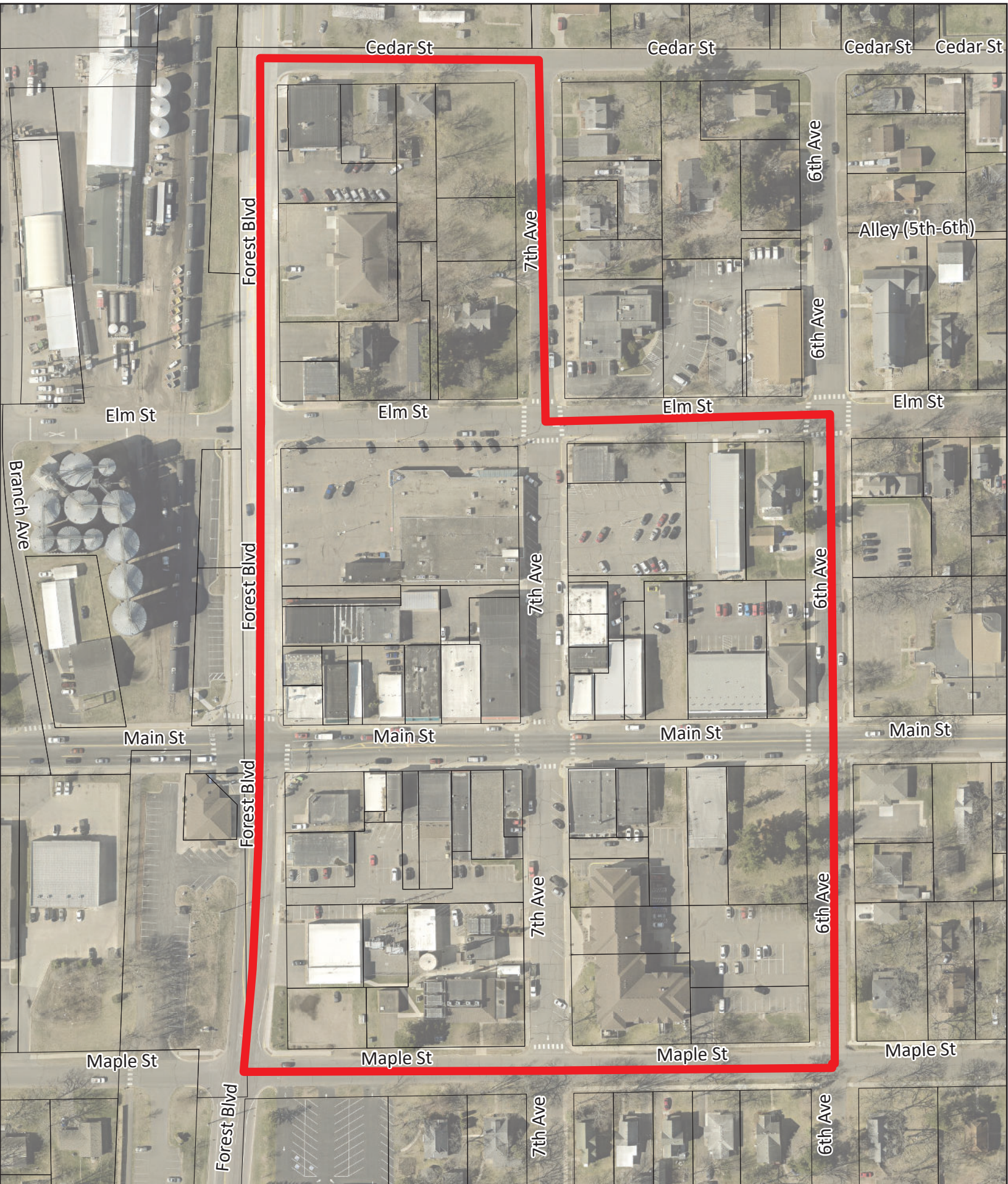
I acknowledge the Program Terms and Conditions, as stated herein, and to the best of my knowledge, all of the applicable materials and documents and information I have submitted are true and correct. I have read the Façade Improvement Matching Grant Program and Terms and Conditions, and understand the 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.

Applicant Signature

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.



ENVIRONMENTAL INDEMNIFICATION AGREEMENT

THIS AGREEMENT is made as of the [REDACTED] day of [REDACTED], 20[REDACTED], by [REDACTED], a Minnesota limited liability company (the “Borrower”) and City of North Branch, Minnesota, a statutory city and political subdivision organized and existing under the Constitution and laws of the State of Minnesota (“Lender”).

RECITALS

- A. Lender has agreed to lend to Borrower the sum of up to \$ [REDACTED] (the “Loan”).
- B. The Loan is secured by, among other things, a Mortgage and Assignment of Rents and Security Agreement and Fixture Financing Statement dated even herewith (the “Mortgage”) pertaining to certain land described in the Mortgage and improvements thereon (collectively, the “Property”) owned by the Borrower and located in Chisago County, Minnesota.
- C. Lender has refused to make the Loan to Borrower unless this Agreement is executed and delivered by Borrower.

AGREEMENT

NOW, THEREFORE, in consideration of Lender’s agreement to make the Loan to Borrower, Borrower hereby warrant and represent to, and covenant and agrees with, Lender as follows:

- 1. Definitions. As used in this Agreement, the following terms shall have the following meanings:
 - (a) “Environmental Regulation” means a Law relating to the environment and/or to human health or safety, or governing, regulating or pertaining to the generation, treatment, storage, handling, transportation, use or disposal of any Hazardous Substance.
 - (b) “Hazardous Substance” means any substance or material defined in or governed or regulated by any Environmental Regulation as a dangerous, toxic or hazardous pollutant, contaminant, chemical, waste, material or substance, and also expressly includes urea-formaldehyde, polychlorinated biphenyls, dioxin, radon, lead-based

paint, asbestos, asbestos containing materials, nuclear fuel or waste, radioactive materials, explosives, carcinogens and petroleum products, including but not limited to crude oil or any fraction thereof, natural gas, natural gas liquids, gasoline and synthetic gas, and any other waste, material, substance, pollutant or contaminant the presence of which on, in, about or under the Property would subject the owner or operator thereof to any damages, penalties, fines or liabilities under any applicable Environmental Regulation.

- (c) “Law” means any federal, state or local law, statute, code, ordinance, rule, regulation or requirement.

2. Warranties and Representations. Borrower warrants and represents to Lender that to Borrower’s knowledge, and except as otherwise described in documents identified on Exhibit A attached hereto:

- (a) There is not located on, in, about or under the Property any Hazardous Substances except for Hazardous Substances of the type ordinarily used, stored or manufactured in connection with the operation of the Property as it is presently operated, and such existing Hazardous Substances have been and are used, stored and manufactured in compliance with all Environmental Regulations.
- (b) The Property is not presently used, and has not in the past been used, as a landfill, dump, disposal facility or gasoline station, or for industrial, manufacturing or military purposes, or for the storage, generation, production, manufacture, processing, treatment, disposal, handling, transportation or deposit of any Hazardous Substances.
- (c) There has not in the past been, and no present threat now exists of, a spill, discharge, emission or release of a Hazardous Substance in, upon, under, over or from the Property or from any other property which would have an impact on the Property.
- (d) The Property is in compliance with, and there are no past or present investigations, administrative proceedings, litigation, regulatory hearings or other actions completed, proposed, threatened or pending, alleging noncompliance with or violation of, any Environmental Regulations respecting the Property, or relating to any required environmental permits covering the Property.
- (e) Borrower has disclosed to Lender all reports and investigations commissioned by or in the possession or control of Borrower and relating to Hazardous Substances and the Property.
- (f) There are not now, nor have there ever been, any above ground or underground storage tanks located in or under the Property. All storage tanks identified on Exhibit A have been registered and/or permitted as required by Environmental Regulations, and evidence of such registration and/or permitting has been given to Lender. There are no wells on or under the Property, except as identified on Exhibit A.

3. Covenants and Agreements. Borrower covenants and agrees as follows:
- (a) Except for substances normally used for maintenance or operation of the Property which are used, stored and disposed of in accordance with all applicable Environmental Regulations and except as identified on Exhibit A, Borrower shall not, nor shall it permit others to, place, store, locate, generate, produce, create, process, treat, handle, transport, incorporate, discharge, emit, spill, release, deposit or dispose of any Hazardous Substance in, upon, under, over or from the Property. Borrower shall cause all Hazardous Substances found on or under the Property, which are not permitted under the foregoing sentence, to be properly removed therefrom and properly disposed of at Borrower's cost and expense. Borrower shall not install or permit to be installed any underground storage tank on or under the Property. Borrower shall give written notice to Lender prior to a change in the operations on the Property.
 - (b) In the event that (i) Lender reasonably believes that a violation of an Environmental Regulation may have occurred in connection with the Property; (ii) Lender receives notice from Borrower or otherwise has knowledge that an event described in subparagraph 3(d) has occurred; (iii) Lender reasonably believes that a representation or warranty of Borrower in Paragraph 2 was untrue in any material respect when made or has become untrue in any material respect; (iv) Lender receives notice from Borrower or otherwise has knowledge of a change in operations on the Property and Lender reasonably believes that the new operations may entail the presence of more or different Hazardous Substances on the Property; or (v) Lender reasonably believes that Hazardous Substances are present on the Property which were not previously known by Lender to be present on the Property; then, in any such event, Borrower shall at their cost obtain and deliver to Lender an environmental review, audit, assessment and/or report relating to the Property or shall have any previously delivered materials updated and/or amplified, by an engineer or scientist selected by Borrower and acceptable to Lender; if Borrower fail to do so within 45 days after such request is made, Lender shall have the right to do so, in which event Borrower shall reimburse Lender for the cost incurred by Lender in doing so within 10 days following demand therefor by Lender.
 - (c) Borrower shall, promptly after obtaining actual knowledge thereof, give notice to Lender of: (i) any activity in violation of any applicable Environmental Regulations relating to the Property, (ii) any governmental or regulatory actions instituted or threatened under any Environmental Regulations affecting the Property, (iii) all claims made or threatened by any third party against Borrower or the Property relating to any Hazardous Substance or a violation of any Environmental Regulations, (iv) discovery by Borrower of any occurrence or condition on or under the Property or on or under any real property adjoining or in the vicinity of the Property which could subject Borrower, Lender or the Property to a claim under any Environmental Regulations. Any such notice shall include copies of any written materials received by Borrower.

- (d) Any investigation or any remedial or corrective action taken with respect to the Property shall be done under the supervision of a qualified consultant, engineer or scientist acceptable to Lender who shall, at Borrower's cost and at the completion of such investigation or action, provide a written report of such investigation or action to Lender. Borrower shall also provide Lender with a copy of any interim reports prepared in connection with any such investigation or action.
- (e) If the Property has, or is suspected to have, asbestos or asbestos containing materials ("ACM") which, due to its condition or location or due to any planned building renovation or demolition, is recommended to be abated by repair, encapsulation, removal or other action, Borrower shall promptly carry out the recommended abatement action. If the recommended abatement includes removal of ACM, Borrower shall cause the same to be removed and disposed of offsite by a licensed and experienced asbestos removal contractor, all in accordance with Environmental Regulations. Upon completion of the recommended abatement action, Borrower shall deliver to Lender a certificate, signed by an officer of Borrower and the consultant overseeing the abatement action, certifying to Lender that the work has been completed in compliance with all applicable laws, ordinances, codes and regulations (including without limitation those regarding notification, removal and disposal) and that no airborne fibers beyond permissible exposure limits remain on site.
- (f) After an Event of Default (as defined in the Loan Agreement between the Borrower and the Lender dated an even date herewith), Lender shall have the right, after 10 days' prior written notice to Borrower, to have an environmental review, audit, assessment, testing program and/or report with respect to the Property performed or prepared by an environmental engineering firm selected by Lender. Borrower shall provide reasonable access to the Property to such environmental engineering firm during normal business hours to conduct such review. Borrower shall reimburse Lender for the cost incurred for each such action within 10 days following demand therefor by Lender.

4. Indemnity. The Borrower shall indemnify Lender, any participant of Lender, its and their directors, officers, employees, agents, contractors, licensees, invitees, and the respective heirs, legal representatives, successors and assigns of all such persons and parties (hereinafter collectively referred to as "Indemnified Parties") against, shall hold the Indemnified Parties harmless from, and shall reimburse the Indemnified Parties for, any and all loss, damage, liability, cost and expense directly or indirectly incurred by the Indemnified Parties, including reasonable attorneys' and consultants' fees, resulting from: (a) the presence or discovery of any Hazardous Substance in, upon, under or over, or emanating from, the Property, whether or not the Borrower is responsible therefor, and whether or not it was placed, located, deposited or released by the Borrower, or (b) any violation of any Environmental Regulation, or both (a) and (b). Borrower agrees that the Indemnified Parties shall have no responsibility for, and Borrower hereby releases the Indemnified Parties from responsibility for, damage or injury to human health, property, the environment or natural resources caused by Hazardous Substances and for abatement, clean-up, detoxification, removal or disposal of, or otherwise with respect to, Hazardous Substances. The indemnity contained in this paragraph 4 shall be deemed continuing for the benefit of the

Indemnified Parties, including any purchaser at a foreclosure or other sale under Mortgage, any transferee of the title from Lender, and any subsequent owner of the Property, and shall survive the satisfaction or release of the Mortgage, any foreclosure of or other sale under the Mortgage and/or any acquisition of title to the Property or any part thereof by Lender, or anyone claiming by, through or under Lender, by deed in lieu of foreclosure or otherwise, and also shall survive the repayment or any other satisfaction of the Loan. Notwithstanding the foregoing, the indemnity contained in this paragraph 4 shall not apply with respect to any loss, damage, liability, cost or expense which Borrower prove by a preponderance of the evidence was caused solely by or resulted solely from any act or omission of any person, other than the Borrower or an agent, employee, invitee, guarantor, or contractor of the Borrower, which occurred after Lender or anyone claiming by, through or under Lender acquired title to the Property by foreclosure of Mortgage or deed in lieu of foreclosure or otherwise and control of the Property. Any amounts covered by the foregoing indemnification shall bear interest from the date incurred at the rate set forth in the promissory note evidencing the Loan, and shall be payable on demand. Borrower agrees that their obligations under this Agreement are separate from, independent of, and in addition to their obligations, if any, under the Mortgage and other documents which secure the Loan.

5. Liability. The liability of Borrower under this Agreement shall not be subject to any limitations on liability set forth any document evidencing or securing the Loan. Without limitation, the obligations and liability of Borrower under this Agreement shall in no way be waived, released, discharged, reduced, mitigated or otherwise affected by Lender's making of the Loan with knowledge of the matters described in documents identified on Exhibit A attached hereto, or of the presence of any Hazardous Substance on, in, about or under the Property or any property adjoining or in the vicinity of the Property, or of any violation of any Environmental Regulation or any condition or state of facts or circumstances which with notice or lapse of time or both might ripen into such a violation, or by any neglect, delay or forbearance of Lender in demanding, requiring or enforcing payment or performance of the obligations and liability of Borrower hereunder, or by the receivership, bankruptcy, insolvency or dissolution of Borrower, or any affiliate thereof. No action or proceeding brought or instituted under this Agreement, and no recovery made as a result thereof, shall be a bar or a defense to any further action or proceeding under any other agreement. Borrower shall reimburse Lender and the other Indemnified Parties for all attorneys' fees and expenses incurred in connection with the enforcement of the Indemnified Parties' rights under this Agreement, including those incurred in any case, action, proceeding or claim under the Federal Bankruptcy Code or any successor statute.

6. Notices. Any notice or other communication to any party in connection with this Agreement shall be in writing and shall be sent in accordance with the provisions of the Loan Agreement.

7. Governing Law and Construction. The validity, construction and enforceability of this Agreement shall be governed by the laws of the State of Minnesota, without giving effect to conflict of laws or principles thereof, but giving effect to federal laws of the United States applicable to national banks. Whenever possible, each provision of this Agreement and any other statement, instrument or transaction contemplated hereby or relating hereto, shall be interpreted in such manner as to be effective and valid under such applicable law, but, if any provision of this Agreement or any other statement, instrument or transaction contemplated hereby or relating hereto shall be held to be prohibited or invalid under such applicable law, such provision shall be

ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement or any other statement, instrument or transaction contemplated hereby or relating hereto.

8. Consent to Jurisdiction. At the option of Lender, this Agreement may be enforced in any Federal Court or State Court sitting in Chisago County, Minnesota; and Borrower consents to the jurisdiction and venue of any such Court and waives any argument that venue in such forums is not convenient. In the event Borrower commences any action in another jurisdiction or venue under any tort or contract theory arising directly or indirectly from the relationship created by this Agreement, Lender at its option shall be entitled to have the case transferred to one of the jurisdictions and venues above-described, or if such transfer cannot be accomplished under applicable law, to have such case dismissed without prejudice.

9. Waiver of Jury Trial. Borrower and Lender irrevocably waive any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or any of the Loan documents (as that term is used in the Loan Agreement) or the transactions contemplated hereby or thereby.

10. Binding Effect; Gender. This Agreement shall inure to the benefit of Lender, and the Indemnified Parties, and shall bind Borrower and their heirs; executors, administrators, personal representatives, legal representatives, successors and assigns. The obligations of Borrower under this Agreement shall be enforceable in all events against Borrower, their heirs, executors, administrators, personal representatives, legal representatives, successors and assigns, and each of them, jointly and severally, and shall be enforceable, in the event of the death of a Borrower, as a claim against his or her estate or otherwise against the representatives of his or her estate, the heirs-at-law, the devisees and beneficiaries of the total estate and each of them. The use of any gender herein shall include all other genders.

11. Counterparts. This Agreement may be executed in any number of counterparts, each executed counterpart constituting an original, but all together only one agreement.

[Signature Pages Follow]

BORROWER:

[ENTITY NAME]

By: _____
Its: _____

By: _____
Its: _____

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me on _____, 20____, by _____, the _____, and by _____, the _____, of _____, a Minnesota limited liability company, on behalf of the limited liability company.

Notary Public
My Commission Expires:

LENDER:

NORTH BRANCH
ECONOMIC DEVELOPMENT AUTHORITY

By: _____
Its: EDA Executive Director

By: _____
Its: EDA Chair

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me on _____, 20____, by _____, the EDA Executive Director, and _____, the EDA Chair, of the City of North Branch, Minnesota, a statutory city and political subdivision organized and existing under the Constitution and laws of the State of Minnesota, on behalf of the city.

Notary Public
My Commission Expires:

EXHIBIT A

Environmental Disclosure Documents

[Borrower to insert]

LOAN AGREEMENT

THIS LOAN AGREEMENT ("Agreement") is made effective as of [REDACTED], 20[REDACTED], by and between [REDACTED], a Minnesota [REDACTED] ("Borrower"), and the City of North Branch, MN a statutory city and political subdivision organized and existing under the Constitution and laws of the State of Minnesota ("Lender").

RECITALS

A. The Borrower has applied to the Lender for a loan for the purposes of making alterations and improvements to the property at [Address], North Branch, MN 55056 ("Property") and subsequently was approved of the loan at the DATE meeting of the North Branch City Council.

B. To foster said rehabilitation and improvements to the Property, Lender has authorized the use of proceeds from the sale of the Property for the purposes of this loan.

C. Borrower applied for and was awarded by the Lender's City Council an award in the total amount not to exceed \$ [REDACTED].

D. Lender now makes the Loan to Borrower subject to all of the terms and conditions of this Agreement.

E. Contemporaneously with the execution hereof, Borrower is delivering to Lender the following security documents:

(i) A Promissory Note ("Note") effective as of the date herewith made by Borrower and payable to the order of Lender, in the original principal amount of \$ [REDACTED]; and

(ii) Mortgage and Assignment of Rents and Security Agreement and Fixture Financing Statement securing the Note ("Mortgage"). The Mortgage is of even date herewith, is executed by Borrower, as mortgagor, in favor of Lender, as mortgagee, and covers the Loan Property as well as a security interest in certain other property described therein.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, it is hereby agreed as follows:

1. Amount and Purpose of Loan. Borrower agrees to take and Lender agrees to make a loan in the principal amount of [REDACTED] and No/100s Dollars (\$ [REDACTED]) to be advanced in a single disbursement as hereinafter provided, the Loan will be evidenced by the Note and secured by the Mortgage and any other security document required under this Agreement. The Loan proceeds will be used only towards the cost of improving the Property, which includes addition and build-out of a commercial kitchen, façade improvements, repairs, interior improvements, parking lot improvements, and other similar site improvements as deemed appropriate by the Lender.

2. The Project. For the purposes of this Agreement, the term “Property” means the real estate described in the Mortgage together with all improvements now located or hereafter placed thereon. Borrower agrees to improve the Property as part of [Provide Brief Description of Property Use and Project], substantially in accordance with plans and specifications which have been provided to and approved by Lender by Resolution No. R-_____ on [Date] (“Project”). Borrower will commence construction on the Project and will carry on continuously, diligently, and with reasonable dispatch the construction of the Project to full and final completion not later than _____, 20____. Failure to complete the Project on or before _____, 20____ shall be a default hereunder.

3. Documents to be Delivered. Borrower covenants and agrees to immediately cause the compliance with the following conditions:

(a) Note. Deliver to Lender the Note.

(b) Mortgage. Deliver to Lender the Mortgage, together with evidence that the Mortgage has been or will be duly filed for record.

(c) Environmental Indemnification Agreement. Deliver to Lender the Environmental Indemnification Agreement.

(d) Organizational Documents and Resolutions. Deliver to Lender copies of the (i) articles of organization for Borrower certified by the Minnesota Secretary of State; (ii) certificate of good standing for Borrower issued by the Minnesota Secretary of State; (iii) Borrower’s operating agreement, member control agreement and bylaws; and (iv) certified resolutions of Borrower authorizing the execution and delivery of the Mortgage and any other document to be executed by Borrower pursuant to this Agreement.

(e) Project Cost and Source of Funds Certificate. Deliver to Lender a sworn certificate detailing costs and sources of funds to be utilized for the Project (“Project Cost Certificate”), in a form acceptable to Lender, verified on oath by an authorized representative of Borrower showing an itemized breakdown of: (i) the source and amount of all Project funds; and (ii) of the total cost of the Project. Not less than 50% of the Project funds must come from a source other than the Loan proceeds. Borrower shall deliver to Lender lien waivers, receipts for payment and other evidence of payment acceptable to Lender with respect to any such portion of costs and charges incurred through the date of the Project Cost Certificate.

(f) Insurance. Deliver to Lender: (i) a certificate or policy for all insurance required, under the terms hereof to be maintained by Borrower; and (ii) evidence that no part of the Loan Property is located in an area designated as being a flood plain or flood hazard area as defined by the Flood Hazard Boundary Map published by the Federal Insurance Administration.

(g) Compliance with Laws, Etc. Deliver to Lender such evidence as Lender may require as to the compliance of the Loan Property and the Improvements with: (i) all

applicable laws, codes, rules, regulations and ordinances, including, without limitation, those relative to environmental protection, protection of wetlands, building and zoning matters and the Americans with Disabilities Act; and (ii) the requirements of any restrictive covenants, conditions and restrictions; conditional use permit or planned unit development applicable to the Loan Property.

(h) Hazardous Substances. Deliver to Lender evidence acceptable to Lender, that: (i) the Loan Property has not been used as a hazardous waste storage facility or burial site; (ii) the soil is free from hazardous waste, hazardous substances, pollutants, and contaminants; and (iii) no hazardous waste, hazardous substance, pollutant, or contaminant has been used in the construction or use of any building or other improvement on the Loan Property. For purposes of this subparagraph, the terms “hazardous waste,” “hazardous substances,” “pollutants” and “contaminants” shall include, but not be limited to, polychlorinated biphenyls (PCBs), asbestos, petroleum products and any other chemical or substance determined to be a hazard to human health or the environment.

Lender may waive any of the above requirements in its sole discretion.

4. Disbursement of Loan. Lender will, within a reasonable time after such notification, inspect the Loan Property in order to determine whether the conditions set forth in Section 2 have been satisfied. If Lender determines that the conditions set forth in Section 2 have not been satisfied, Lender will provide a written statement indicating any deficiencies to be remedied by Borrower and Borrower shall remedy such deficiencies diligently and with reasonable dispatch to completion. If Lender determines that the conditions set forth in Section 2 have been satisfied, Lender will provide a written statement of completion. Not later than 30 days after Lender provides a written statement of completion of the Project, Borrower shall deliver to Lender: (i) a final Project Cost Certificate; and (ii) evidence acceptable to Lender that Borrower has paid all costs of the Project, including without limitation evidence that Borrower has expended its own funds on the Project in an amount at least equal to the amount of the Loan. Upon receipt by Lender of the foregoing and all of the items required pursuant to Section 3 above in the form and condition required therein Lender agrees to disburse the Loan proceeds to Borrower in an amount not to exceed the lesser of (a) the matching funds of the Borrower for the costs of the Project or (b) \$30,000 plus the amount of the BDI Grant Funds actually received from the County.

5. Façade Grant Program Requirements and Covenants.

(a) Façade Grant Program. The Loan is made pursuant to Lender’s Façade Grant Program which provides matching grants for eligible façade improvements. The matching grants are structured as 5-year no-interest forgivable loans, whereby 20% of the total loan amount is forgiven after each year. From and after [REDACTED], 20[REDACTED] (the “Closing Date”) through and until the Conversion Date (as defined below), Borrower shall not be required to make any payments of principal or interest.

(b) Guidelines. The Loan shall be forgiven as set forth below if Borrower meets all of the following requirements:

(i) Timely Completion of Project. All work on the Project must be completed by [REDACTED], 20[REDACTED] in accordance with and subject to the guidelines of the the Façade Grant Program as part of [Provide Brief Description of Property Use and Project], substantially in accordance with plans and specifications which have been provided to and approved by Lender by Resolution No. R-[REDACTED] on [REDACTED], 20[REDACTED] and Borrower shall have satisfied the conditions for disbursement in accordance with Section 4 hereof.

(ii) Transfer. Through [REDACTED], 20[REDACTED], Borrower shall not sell, transfer, lease, or convey the Loan Property or any part of it, or any interest therein, or encumber the Loan Property or any part of it, in any manner, without written consent of Lender, which consent may be granted or withheld in the sole discretion of Lender. This requirement shall apply to each and every sale, transfer, lease, or conveyance, whether voluntary or involuntary and whether or not Lender has consented to any such prior sale, transfer, lease, or conveyance.

(iii) Maintenance. Borrower must adequately maintain the Loan Property as detailed in the Façade Grant Program guidelines (the “Maintenance Guidelines”). For the term of the Loan, Lender will inspect the Loan Property annually to ensure compliance with the Maintenance Guidelines. Failure to comply with the Maintenance Guidelines and to promptly respond to lawfully issued citations from Lender related to maintenance of the Loan Property, shall result in conversion as contemplated in paragraph (d) of this Section.

(iv) No Defaults. As of each Determination Date, there are no defaults under this Agreement or any other agreement between Lender and Borrower which is beyond any notice and cure period.

(c) Compliance Determination. On [REDACTED], 20[REDACTED] and on each [REDACTED] thereafter through and including [REDACTED], 20[REDACTED] (each a “Determination Date”), Lender will determine, in its sole and absolute discretion, whether Borrower has fully and timely complied with the requirements of this Section 4 as of such date. Borrower will promptly provide all such documentation as Lender reasonably requests in Lender’s effort to determine whether Borrower has timely complied with the requirements of this Section 5. If Lender determines, in its sole and absolute discretion, that Borrower has fully and timely complied with the requirements of this Section 5 as of such date, as strictly interpreted, Lender will forgive \$[REDACTED] of the principal amount of the Loan as of each such Determination Date and the principal balance of the Loan and the Note shall be deemed reduced and outstanding in the following amounts as of each Determination Date:

The terms and conditions of this Loan Agreement and any other related loan document and Borrower’s obligations thereunder shall continue until the Loan is repaid in full.

(e) Final Maturity. Within a reasonable time after full and final payment or forgiveness of the Loan, Lender will return the Note to Borrower and will provide a satisfaction and release of the Mortgage and a termination of its financing statement.

6. Access to Loan Property. Lender and its respective representatives shall have at all reasonable times the right to enter and have free access to the Loan Property and the right to inspect the Loan Property.

7. Books and Records. Borrower agrees to maintain accurate and complete books, accounts, and records in regard to the Loan Property in a manner reasonably acceptable to Lender. Lender, acting solely through its municipal or financial advisor, shall have the right to inspect, examine and copy all such books and records of Borrower and Borrower shall, at Lender's request, furnish such information solely to Lender's municipal or finance advisor, as may reasonably be demanded. Borrower will not be required to provide its books and records directly to Lender.

8. Time of Essence. Time is of the essence in the performance of this Agreement.

9. Assignability. Borrower shall not assign this Agreement without the prior written consent of Lender, which consent may be withheld, conditioned, or delayed in Lender's sole discretion. Lender may freely assign or otherwise transfer (including by participation) all or any part of its interest in the Loan or any or all of the Loan documents, at Lender's sole discretion.

10. Miscellaneous Covenants of Borrower. Borrower covenants and agrees with Lender that, without cost to Lender, Borrower will:

(a) Performance of Conditions. Promptly keep, perform and comply with all of the terms, covenants and conditions to be kept and performed by Borrower as required by the City of North Branch (the "City") and any other governmental body having jurisdiction over the Loan Property as a condition of platting, rezoning or developing the Loan Property; keep unimpaired the rights of Borrower under any permit or agreement issued or made by the City or other governmental body having jurisdiction over the Loan Property and any contracts obtained or held by Borrower in connection with the construction of the Project; and to enforce the prompt performance of all of the terms, covenants and conditions to be kept and performed by the City or other governmental body having jurisdiction over the Loan Property, respectively, under any permits or agreements issued or made by the City or such other governmental bodies, and any contractors under all contracts obtained or held by Borrower in connection with construction of the Project or Borrower's business.

(b) Amendment, Etc. of Documents. Not amend, cancel, terminate, supplement, or waive any of the material terms, covenants, and conditions of any permit or agreement issued or made by the City or any other governmental body having jurisdiction over the Loan Property, or any other contracts obtained or held by Borrower in connection with the construction of the Project or any contracts, documents or agreements referred to herein without the prior written approval of Lender. Borrower will provide to Lender complete documentation concerning any change made to the Project.

(c) Performance of Note, etc. Without limiting the foregoing, keep and perform all of the terms, covenants, conditions and requirements of the Note and this Agreement.

(d) Insurance. During the term of this Agreement, Borrower shall procure and maintain or cause to be procured and maintained at its sole expense, casualty insurance, public liability insurance and such other types of insurance as are reasonably required by Lender from time to time, including, without limitation, the coverages expressly required by the Mortgage, insuring Lender and Borrower with coverages, in amounts and with companies satisfactory to Lender. The policy or policies or duly executed certificate or certificates for such insurance and renewals or replacements thereof shall be deposited with Lender.

(e) Pay Fees. Pay at closing, or within 30 days of written notice from the Lender, all loan charges including, but not limited to: (i) Lender's attorneys' fees; and (ii) filing fees of any instruments required under this Agreement.

(f) Default Notices. Provide Lender with a copy of any default notice received by the Borrower, pursuant to any documents related to any financing secured by the Loan Property or any governmental authority, promptly after receipt of the same.

(g) Continual Operation. At all times while any portion of the Loan remains outstanding, Borrower will: (i) maintain its status as a for profit entity; and (ii) will operate its business from the Loan Property in a first-class manner (from and after issuance of the Certificate of Occupancy for the Loan Property).

11. Warranties. Borrower represents and warrants to Lender the following:

(a) The Borrower is a limited liability company duly formed, validly existing, and in good standing under the laws of the State of Minnesota.

(b) The making and performance of this Agreement and the execution and delivery of the Note, the Mortgage, and any other instrument required hereunder are within the powers of Borrower and have been duly authorized by all necessary organizational action on the part of Borrower. This Agreement and the Note, the Mortgage, and any other instruments required hereunder have been duly executed and delivered and are the legal, valid, and binding obligations of Borrower enforceable in accordance with their respective terms.

(c) No litigation, tax claims or governmental proceedings are pending or threatened against Borrower or the Loan Property, and no judgment or order of any court or administrative agency is outstanding against Borrower or the Loan Property which would have a material adverse effect on Borrower or the Loan Property.

(d) Borrower have filed all tax returns (federal and state) required to be filed for all prior years and paid all taxes shown thereon to be due, including interest and

penalties. Borrower will file all such returns and pay all such taxes for the current and future years.

(e) All information, financial or other, which has been submitted by Borrower in connection with the Loan is true, accurate, and complete in all material respects.

12. Indemnification. Borrower agrees to indemnify Lender and save it harmless against all loss, liability, expense, or damages including but not limited to attorneys' fees, which may arise by reason of the assertion of any lien against the Loan Property. Borrower will indemnify and hold Lender harmless from any damages Lender may suffer or incur from any default by Borrower under this Agreement, the Note or any other document supporting this Loan.

13. Defaults. Each of the following shall constitute an Event of Default:

(a) If Borrower fails to pay when due any amount due under this Agreement, the Note, or any other documents listed in Section 2;

(b) Bankruptcy, reorganization, assignment, insolvency or liquidation proceedings, or other proceedings for relief under any applicable bankruptcy law or other law for relief of debtors are instituted by or against Borrower and, if such proceedings are instituted against Borrower, an order, judgment or decree, without the consent of Borrower appointing a trustee or receiver for Borrower or any part of its property or approving a petition under the bankruptcy laws of the United States or any similar laws of any state or other competent jurisdiction, shall have remained in force undischarged or unstayed for a period of 30 days.

(c) Any judgment, attachment, garnishment, or other similar process is entered against Borrower or against any property or assets of Borrower and is not released, satisfied, or discharged or bonded to Lender's satisfaction within 30 days of entry.

(d) Any of the terms, covenants, or conditions of any permit or other agreement issued or made by the City or other governmental body having jurisdiction over the Loan Property are not complied with within the time required thereby or are terminated or modified by the City or such other governmental body and Borrower has not taken the necessary steps to correct or cure the same within 30 days after written notice is given by Lender.

(e) Any mechanic's or material supplier's lien is filed, against the Loan Property and is not released, satisfied, or discharged or bonded to Lender's satisfaction.

(f) A transfer which violates Section 5(b)(ii) hereof occurs or Borrower abandons the Loan Property.

(g) Borrower fails: (i) to complete construction of the Project by [REDACTED], 20[REDACTED]; (ii) to construct the Project in accordance with this Agreement; (iii) to observe or perform any other covenant, condition, obligation or agreement on its part to be observed or

performed under this Agreement, the Mortgage, the Note, or any other document executed by Borrower pursuant to this Agreement; or (iv) fails to pay any amount or perform any obligation under any other note, mortgage or other agreement now or hereafter made by Borrower in favor of or with Lender or otherwise now or hereafter made by Borrower in connection with the Loan Property, and any such failure continues 30 days after written notice is given by Lender.

(h) Any representation or warranty by Borrower contained herein or in the Note, the Mortgage, or any other instrument required hereunder is false or untrue in any material respect when made.

(i) A default under the Mortgage beyond any applicable notice and cure period.

14. Remedies. Upon the occurrence of an Event of Default, Lender, at its option, shall, in addition to any other remedies which it might be entitled to by law, have the right to:

(a) Perform such other acts or deeds which reasonably may be necessary to cure any default existing under this Agreement, and to this end, it is hereby agreed as follows:

- (i) All sums expended by Lender in effectuating its rights under paragraphs (ii) and (iii) of this paragraph shall be deemed to have been advanced under this Agreement and to be secured by any security document required under this Agreement as security for the Loan.
- (ii) Lender, at its option, shall have the right to enter into possession of the Loan Property and perform any and all work and labor necessary to complete the Project substantially as required under this Agreement and to do all things necessary or incidental thereto;
- (iii) Borrower hereby constitutes and appoints Lender its true and lawful attorney-in-fact with full power of substitution either in the name of Lender or in the name of Borrower or in the name of both, for the following purposes: (A) to prosecute and defend all actions or proceedings in connection with the Loan Property and do any and every act which Borrower might do in its own behalf; (B) to perform each of the terms, covenants and conditions to be kept and performed by Borrower under any contracts and/or leases obtained or held by Borrower in connection with the construction of the Project and any other contracts; (C) without limiting the foregoing, to perform each of the terms, covenants and conditions to be kept or performed by Borrower under this Agreement and any other instrument required under this Agreement; and (D) to do all things that Lender reasonably deems necessary or advisable for the purpose of carrying out the powers enumerated in (A), (B), (C) and (D) of this Subparagraph (iii);

- (iv) The powers herein granted Lender shall be deemed to be powers coupled with an interest and the same are irrevocable;
- (b) cancel this Agreement;
- (c) bring appropriate action to enforce such performance and the correction of such Event of Default;
- (d) declare the entire unpaid principal of the Note immediately due and payable without notice;
- (e) foreclose the Mortgage, foreclose any other security instrument referred to in this Agreement and/or exercise any other rights or remedies it may have under the Mortgage and any other security instruments.

15. Default under Note. The failure by Borrower to keep or perform any of the terms, covenants, and conditions to be kept or performed by it under this Agreement shall constitute a default under the Note, the Mortgage and any other security instrument held by Lender in connection with the Loan.

16. Notices. Any notices given hereunder shall be in writing and shall be deemed to have been given when delivered personally or three (3) days after deposited in the United States mail, registered, postage prepaid, addressed as follows:

If to Borrower:

Entity Name
Address
City, State, Zip
Attention: _____

If to Lender:

City of North Branch, Minnesota
6408 Elm Street
North Branch, MN 5
Attn: EDA Executive Director

or addressed to any such party at such other address as such party shall hereafter furnish by notice to the other party. Any notice delivered personally to Borrower shall be delivered to an officer of Borrower, and any notice delivered personally to Lender shall be delivered to an officer of Lender at the address for Lender for the mailing of notices. Either party may change its address for the giving of notices by giving the other party at least 10 days' notice in the manner provided above.

17. Headings. The headings used in this Agreement are for convenience only and do not define, limit, or construe the contents of this Agreement.

18. Bindings on Successors and Assigns. Subject to the limitations on transfer contained in this Agreement, this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

19. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of Minnesota, without giving effect to any choice or conflict of law provision or rule.

20. Counterparts. This Agreement may be executed in 2 or more counterparts, each of which shall be an original and all of which shall constitute the same agreement.

21. Entire Agreement. This Agreement, the Note, the Mortgage, and the other documents executed by Borrower and/or Lender pursuant to this Agreement contain the entire agreement between the parties with respect to the subject matter hereof and supersede all prior understandings and agreements, both oral and written. This Agreement may be amended only in a writing signed by the parties hereto.

22. Fees and Expenses. Borrower agrees to pay to Lender immediately upon demand all costs and expenses, including, without limitation, all attorneys' fees, incurred by Lender in connection with the enforcement of the Lender's rights and/or the collection of any amounts which become due to Lender under this Agreement, the Note, the Mortgage or the other documents executed in connection herewith; and the prosecution or defense of any action in any way related to this Agreement, the Note, the Mortgage, or the other documents executed in connection herewith.

23. No Business Subsidy. The Loan to be provided by Lender to Borrower is provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and the Loan is equal to or less than 50% of the total cost of the Project, which is excluded from the definition of a business subsidy under Minnesota Statute, Section 116J.993, Subdivision 3(5). Thus, the Loan does not constitute a "business subsidy" under the provisions of Minnesota Statutes, Sections 116J.993 to 116J.995, as amended (the "Business Subsidy Act"). Therefore, the Loan is exempt from the requirements of the Business Subsidy Act, Minnesota Statutes, Sections 116J.993 to 116J.995, as amended.

[Signature Pages Follow]

SIGNATURE PAGE TO LOAN AGREEMENT

IN TESTIMONY WHEREOF, each of the parties hereto has caused these presents to be effective as of the day and year first above written.

[ENTITY NAME]

By: _____
Its: _____

By: _____
Its: _____

SIGNATURE PAGE TO LOAN AGREEMENT

IN TESTIMONY WHEREOF, each of the parties hereto has caused these presents to be effective as of the day and year first above written.

CITY OF NORTH BRANCH, MINNESOTA

By: _____

Name: _____

Its: EDA Executive Director

By: _____

Name: _____

Its: EDA Chair

**MORTGAGE
AND
ASSIGNMENT OF RENTS
AND
SECURITY AGREEMENT
AND
FIXTURE FINANCING STATEMENT**

FAÇADE IMPROVEMENT FORGIVEABLE LOAN PROGRAM

This Mortgage and Assignment of Rents and Security Agreement and Fixture Financing Statement ("Mortgage") is made as of [REDACTED], 20[REDACTED], by [REDACTED], a Minnesota limited liability company (hereinafter the "Borrower" or "Mortgagor"), in favor of the City of North Branch, Minnesota, a statutory city and political subdivision organized and existing under the Constitution and laws of the State of Minnesota ("Mortgagee").

THE MAXIMUM AMOUNT SECURED BY THIS MORTGAGE IS \$[REDACTED] OF PRINCIPAL INDEBTEDNESS, TOGETHER WITH ANY AMOUNTS WHICH MAY BE ADVANCED BY MORTGAGEE IN PROTECTION OF THE MORTGAGED PREMISES OR THE LIEN OF THIS MORTGAGE.

RECITALS

A. The Borrower has executed and delivered to Mortgagee a Promissory Note effective as of the date hereof in the principal amount of \$[REDACTED], with principal being due and payable as set forth therein and with all principal, if not sooner paid, being due and payable on or before September [REDACTED], 20[REDACTED] (the Promissory Note as the same may be renewed, extended, replaced, modified or amended is herein called the "Note"). The proceeds of the Note are being utilized to pay a portion of the façade improvement costs on the Mortgaged Property (as defined below).

B. Contemporaneous herewith, Borrower has entered into that certain loan agreement (the "Loan Agreement") setting forth the terms and conditions of Mortgagor and Lender's obligations with relation to this loan facility.

C. Mortgagor is the owner of the Mortgaged Property.

D. As a condition of entering into the loan facility, Lender has required that Mortgagor provide this Mortgage to secure its obligations under Note, the Loan Agreement and any other documents relating to or arising from this loan facility.

NOW THEREFORE, in consideration of the Recitals and for the purpose of securing the payment and performance of all of Mortgagor's obligations under the Note and the Loan Agreement (collectively "Obligations"); and to secure the performance of all covenants, conditions, and agreements herein and in the Note and Loan Agreement, Mortgagor does hereby mortgage, grant, bargain, sell, release and convey unto Mortgagee, with power of sale, forever all of Mortgagor's right, title and interest in all the tracts or parcels of land lying and being in Chisago County, Minnesota, legally described in Exhibit A hereto, (hereinafter the "Land"), whether now owned or hereafter acquired, together with: (i) all building materials, supplies and equipment now or hereafter located on the Land and suitable or intended to be incorporated in any building, structure, or other improvement located or to be erected on the Land; and (ii) all of the buildings, structures and other improvements now standing or at any time hereafter constructed or placed upon the Land; and (iii) all heating, plumbing and lighting apparatus, motors, engines, and machinery, electrical equipment, incinerator apparatus, air conditioning equipment, water and gas apparatus, pipes, faucets, and all other fixtures of every description which are now or may hereafter be placed or used upon the Land or in any building or improvement now or hereafter located thereon; and (iv) all additions, accessions, increases, parts, fittings, accessories, replacements, substitutions, betterments, repairs and proceeds to any and all of the foregoing; and (v) all hereditaments, easements, appurtenances, estates, rents, issues, profits, condemnation awards, proceeds of policies of insurance and other rights and interests now or hereafter belonging or in any way pertaining to the Land or to any building or improvement now or hereafter located thereon; and (vi) all leases or other occupancy agreements now or hereafter in effect in any way appertaining to the Land or to any building or improvement now or hereafter located thereon, including, without limitation, all cash and security deposits, advance rentals and deposits or payments of a similar nature ("Leases"), and all Rents (as herein defined) (all of the foregoing, together with the Land, hereinafter being referred to as the "Property" or "Mortgaged Property"),

TO HAVE AND TO HOLD the Mortgaged Property unto Mortgagee forever;

PROVIDED, NEVERTHELESS, that this Mortgage is given upon the express condition that if Mortgagor shall cause to be paid and/or performed all of the Obligations, and shall also keep and perform all and singular the covenants herein contained on the part of Mortgagor to be kept and performed, then the Mortgage and the estate hereby granted shall cease and be and become void and shall be released of record at the expense of Mortgagor; otherwise this Mortgage shall be and remain in full force and effect.

MORTGAGOR REPRESENTS, WARRANTS AND COVENANTS to and with Mortgagee that Mortgagor has good right and full power and authority to execute this Mortgage and to mortgage the Mortgaged Property; that the Mortgaged Property is free from all liens and encumbrances except a mortgage in favor of [REDACTED] in the amount of \$ [REDACTED] (the "First Lien Mortgage") and those other certain permitted encumbrances identified in Exhibit B hereto (the "Permitted Encumbrances"); that Mortgagee shall quietly enjoy and possess the Mortgaged Property; that Mortgagor will warrant and defend the title to the Mortgaged Property against all

claims, whether now existing or hereafter arising. The covenants and warranties of this paragraph shall survive foreclosure of this Mortgage and shall run with the Land.

AND IT IS FURTHER COVENANTED AND AGREED AS FOLLOWS:

ARTICLE ONE

GENERAL COVENANTS, AGREEMENTS, WARRANTIES

1.1. Payment of Obligations; Observance of Covenants. Mortgagor will duly pay and perform its Obligations and will perform all other agreements and covenants by Mortgagor to be performed hereunder.

1.2. Payment of Impositions. Mortgagor agrees to pay, before a penalty might attach for nonpayment thereof, all taxes, assessments, water and sewer charges, and other fees, taxes and charges of whatsoever nature levied upon or assessed or placed against the Mortgaged Property (collectively "Impositions"). Mortgagor will likewise pay all taxes, assessments, and other charges, levied upon or assessed, placed or made against, or measured by, this Mortgage, or the recordation hereof, or the Obligations, provided that Mortgagor shall not be obliged to pay such tax, assessment, or charge if such payment would be contrary to law. Mortgagor shall promptly furnish to Mortgagee all notices received by Mortgagor of amounts due under this Section and upon Mortgagee's request, shall deliver proper receipts evidencing the payment of such amounts. In the event of a judicial decree or legislative enactment after the date of this Mortgage, providing that any such imposition may not be lawfully paid by Mortgagor, the Obligations, without interest, shall become immediately due and payable, or, at Mortgagee's option, Mortgagee may pay any amount or portion of such Imposition as renders the Obligations unlawful or usurious, in which event Mortgagor shall concurrently therewith pay the remaining lawful and non-usurious portion or balance of said Imposition.

1.3. Payment of Operating Costs; Mortgages and Liens. Mortgagor agrees that it will pay, or cause to be paid, all operating costs and expenses of the Mortgaged Property; keep the Mortgaged Property free from mechanics' and material suppliers' and other liens, subject to Mortgagor's right to contest in good faith as set forth in Section 1.4 hereof; will keep the Mortgaged Property free from levy, execution or attachment and will immediately pay when due all indebtedness which may be secured by mortgage, lien or charge on the Mortgaged Property and upon request will exhibit to Mortgagee satisfactory evidence of such payment and discharge.

1.4. Contest of Impositions, Liens and Levies. Mortgagor shall not be required to pay, discharge or remove any Imposition, lien or levy so long as Mortgagor shall in good faith contest the same or the validity thereof by appropriate legal proceedings which shall operate to prevent the collection of the levy, lien or Imposition so contested and the sale of the Mortgaged Property, or any part thereof to satisfy the same; provided, however, that Mortgagor, prior to the date such levy, lien or Imposition is due and payable or, in the case of a mechanic's lien or other involuntary lien within 30 days after the same shall have been filed, shall have given such reasonable security as may be demanded by Mortgagee to ensure such payments and any penalties and interest that may accrue thereon and prevent any sale or forfeiture of the Mortgaged Property by reason of such

nonpayment. Any such contest shall be prosecuted with due diligence and Mortgagor shall promptly after final determination thereof pay the amount of any such levy, lien or Imposition so determined, together with all interest and penalties, which may be payable in connection therewith. Notwithstanding the provisions of this Section, Mortgagor shall, and Mortgagee may (but shall have no obligation to), pay any such levy, lien, or Imposition notwithstanding such contest if in the reasonable opinion of Mortgagee, the Mortgaged Property is in jeopardy or in danger of being forfeited or foreclosed.

1.5. Maintenance and Repairs; Inventory. Mortgagor agrees that it will keep and maintain (or cause to be kept and maintained) the Mortgaged Property in good condition and repair, free from any waste or misuse, and will comply with all requirements of law, municipal ordinances and regulations, including, but not limited to the maintenance requirements detailed in the City's Façade Grant Program guidelines, as well as all restrictions and covenants affecting the Mortgaged Property and its use, and will promptly repair or restore any buildings, improvements, or structures now or hereafter on the Mortgaged Property which may become damaged or destroyed. Mortgagor further agrees that without the prior consent of Mortgagee it will not remove from the Mortgaged Property any fixtures or any personal property that is included in the Mortgaged Property unless the same is immediately replaced with like fixtures or personal property of at least equal value, or is otherwise removable under Section 6.1 hereof; or expand any improvements on the Mortgaged Property, erect any new improvements or make any material alterations in any improvements which will materially alter the basic structure, materially and adversely affect the market value or materially change the existing architectural character of the Mortgaged Property. Mortgagor agrees that it will complete within a reasonable time any buildings now or at any time in the process of erection on the Mortgaged Property. Mortgagor agrees not to acquiesce in any rezoning classification, modification or restriction affecting the Mortgaged Property without Mortgagee's prior written consent. Mortgagor agrees that it will not abandon the Mortgaged Property. Upon request of Mortgagee, Mortgagor shall deliver to Mortgagee an inventory in detail reasonably acceptable to Mortgagee of any personal property owned by Mortgagor that is included in the Mortgaged Property pursuant to the terms hereof together with a certification by Mortgagor that said inventory is a true and complete schedule of the personal property to be included in the Mortgaged Property pursuant to the terms hereof. Such inventory shall list any conditional sales contracts and other title retention arrangements to which such personal property may be subject.

1.6. Insurance.

(a) So long as the Obligations remain unpaid, Mortgagor shall, at its own cost, maintain or cause to be maintained with insurers of recognized responsibility acceptable to Mortgagee the following insurance:

(i) hazard and fire insurance on the improvements now existing or hereafter constructed on the Land insuring against loss by fire, hazards included in the term "extended coverage," loss by vandalism or malicious mischief, and such other hazards, casualties and contingencies as may be required by Mortgagee, on the basis of replacement cost without a coinsurance clause, in an amount equal to the full replacement cost thereof (without deduction for depreciation) or such additional amounts and for such periods as may be required by Mortgagee;

(ii) comprehensive general public liability insurance covering the liability of Mortgagor against claims for bodily injury, death or property damage occurring on or about the Mortgaged Property in such minimum amounts and limits as Mortgagee may require but in no event, less than \$2,000,000.00 combined single limit per occurrence and naming Mortgagee as an additional insured;

(iii) insurance covering the Mortgaged Property against loss or damage by explosion, rupture or bursting of steam boilers, steam pipes, steam turbines, steam engines or pressure vessels or fly wheels located on or a part of the Mortgaged Property and providing for full repair and full replacement cost coverage; and

(iv) such other forms of insurance in such minimum amounts as Mortgagee may reasonably require or as may be required by law.

Mortgagor shall pay or cause to be paid all premiums on insurance required hereunder by making payment directly to the insurer. Mortgagee shall have the right to hold the policies and renewals thereof, and Mortgagor shall promptly furnish to Mortgagee all such policies, renewals thereof, renewal notices and all paid-premium receipts received by it. All policies of insurance and any and all refunds of unearned premiums are hereby assigned to Mortgagee as additional security for the payment of the Obligations secured hereby. In the event of foreclosure of this Mortgage, all right, title and interest of Mortgagor in and to any insurance policies then in force shall pass to the purchaser at the foreclosure sale.

(b) The policies of all such insurance shall have mortgagee and loss payable provisions in favor of Mortgagee. All such insurance shall be in form acceptable to Mortgagee, shall provide for at least 30 days' prior written notice of cancellation, termination or modification thereof to Mortgagee, shall permit Mortgagee to make premium payments to prevent cancellation, and shall provide that no act or negligence of Mortgagor or of any occupant of the Mortgaged Property, and no occupancy or use of the Mortgaged Property for purposes more hazardous than permitted by the terms of the policy, will affect the validity or enforceability of such insurance as against Mortgagee. In the event of loss under such insurance Mortgagor shall give prompt notice to the insurance carrier and Mortgagee; Mortgagor shall duly make proof of loss, and shall immediately furnish to Mortgagee a copy of such proof of loss.

(c) Subject to the rights of the mortgagee under the First Lien Mortgage which has priority over this Mortgage, Mortgagee is authorized and empowered to settle, collect and receive all fire and hazard insurance proceeds, to apply such proceeds to all expenses (including reasonable attorneys' fees) reasonably incurred by Mortgagee in collecting the same and, at Mortgagee's option and in its sole discretion, apply the balance of said proceeds ("Net Proceeds") to payment of the Obligations or make the Net Proceeds available for the repair and restoration of the Mortgaged Property; provided, however, Mortgagor may settle claims without Mortgagee's consent if the loss is less than \$5,000.00 and no Event of Default exists at the time of settlement. Mortgagor shall apply any such

proceeds to the repair and restoration of the Mortgaged Property. So long as no Event of Default exists, any settlement of a fire and hazard insurance claim of more than \$5,000.00 shall require the consent of Mortgagor, which consent will not be unreasonably withheld.

(d) If Mortgagee elects to apply the Net Proceeds to repair and restoration of the Mortgaged Property (i) the Net Proceeds shall be held by Mortgagee and at Mortgagee's election may be disbursed either by Mortgagee or a disbursing agent selected by Mortgagee and paid by Mortgagor, (ii) upon Mortgagee's request prior to disbursement of any Net Proceeds or thereafter, from time to time, Mortgagor will deposit with Mortgagee such amounts in excess of remaining Net Proceeds as Mortgagee reasonably determines is required to complete the repair and restoration, (iii) the Net Proceeds and any funds deposited by Mortgagor shall be held and disbursed in accordance with sound construction loan disbursement practices, including, but not limited to, approval of the plans and specifications, appraisal, its other conditions for disbursement of draw requests and inspection of the work, and such other reasonable conditions as Mortgagee may impose and (iv) any Net Proceeds not so applied to repair and restoration shall be applied to the payment of the Obligations. If an Event of Default occurs prior to full disbursement, any undisbursed portion of the Net Proceeds and any funds deposited by Mortgagor with Mortgagee may at Mortgagee's option be applied to the Obligations.

1.7. Inspection. Mortgagee, or its agents, shall have the right to enter upon the Mortgaged Property during ordinary business hours for the purposes of inspecting the Mortgaged Property or any part thereof. Mortgagee shall have no duty, however, to make such inspection. Mortgagee, or its agents, shall also have the right during ordinary business hours to examine the books and records of Mortgagor pertaining to the Mortgaged Property and to make extracts therefrom and copies thereof. The parties agree that Mortgagee's right to inspect the books and records of Mortgagor, as described in this provision, relates solely to the Mortgaged Property.

1.8. Protection of Mortgagee's Security. If Mortgagor fails to perform any of the covenants and agreements contained in this Mortgage and such failure shall continue beyond any applicable notice and cure period contained in Article Two hereof or if any action or proceeding is commenced which does or may adversely affect the Mortgaged Property or the interest of Mortgagor or Mortgagee therein, or the title of Mortgagor thereto, then Mortgagee, at Mortgagee's option, may perform such covenants and agreements, defend against such action or proceeding, or otherwise act as Mortgagee deems necessary to protect its interest. In the event that, after damage to or destruction of the Mortgaged Property or condemnation of a portion of the Mortgaged Property or a sale under threat thereof, the proceeds are used to restore the Mortgaged Property, and the insurance, sale or condemnation proceeds which are paid to Mortgagee are not sufficient to pay for such restoration, Mortgagee may nevertheless effect the restoration. Any amounts disbursed or costs incurred by Mortgagee pursuant to this Section, including interest and reasonable attorney's fees, shall become additional Obligations of Mortgagor secured by this Mortgage. All amounts disbursed or costs incurred by Mortgagee pursuant to this paragraph shall be payable upon demand. Mortgagee shall, at its option, be subrogated to any encumbrance, lien, claim or demand, and to all the rights and securities for the payment thereof, paid or discharged with the principal sum secured hereby or by Mortgagee under the provisions hereof, and any such subrogation rights shall be additional and cumulative security for this Mortgage. Nothing

contained in this Section shall require Mortgagee to incur any expense or do any act hereunder, and Mortgagee shall not be liable to Mortgagor for any damages or claims arising out of action taken by Mortgagee pursuant to this paragraph.

1.9. Hazardous Materials. Mortgagor hereby represents and warrants to Mortgagee that the Mortgaged Property has not at any time been used for storage, transfer, transportation or disposal of hazardous substances, hazardous wastes, pollutants, contaminants or similar substances (collectively "Hazardous Substances"), or for the discharge of the same into the environment in violation of any law, regulation, or judicial or administrative order or judgment; and the Mortgaged Property is not contaminated by, and does not contain, any Hazardous Substances. Mortgagor will not use or permit the use of the Mortgaged Property for such purposes. Mortgagor will fully indemnify Mortgagee and defend Mortgagee against any claims, losses, damages, actions, costs, and expenses of any kind, including without limitation, court costs and reasonable attorneys' fees, in connection with any Hazardous Substances now or hereafter located on the Mortgaged Property or any other violation of any federal, state, or local environmental statute, ordinance, rule or regulation ("Environmental Laws"). This indemnity shall not apply to the extent that the willful act or omission of the Mortgagee contributes to the actual or threatened discharge, dispersal, release, storage, treatment, generation, disposal or escape of the Hazardous Substances. The indemnity provisions of this Section shall survive the foreclosure or other termination of this Mortgage.

Without limiting the generality of the foregoing, Mortgagor agrees that upon the discovery of a release or threatened release of Hazardous Substances on or from the Mortgaged Property, it will promptly, diligently and without cost to Mortgagee, proceed to remediate all contamination in accordance with all applicable laws, ordinances, rules and regulations, and the requirements of all governmental authorities having jurisdiction, and otherwise to the satisfaction of Mortgagee. A failure to do so shall constitute a default by Mortgagor under this Mortgage.

1.10. Escrows. Upon the request of Mortgagee after the occurrence of an Event of Default (whether or not such Event of Default is subsequently cured), Mortgagor shall deposit with Mortgagee, on the first day of each and every month, commencing with the date the first payment shall be due on the Note which is after the date of such request, a deposit to pay the Impositions and insurance premiums (collectively "Charges") in an amount equal to:

(a) One-twelfth (1/12) of the Impositions next to become due upon the Mortgaged Property; provided, however, that, in the case of the first such deposit, there shall be deposited in addition an amount as estimated by Mortgagee which, when added to monthly deposits to be made thereafter as provided for herein, shall assure that there will be sufficient funds on deposit to pay the Impositions as they come due; plus

(b) One-twelfth (1/12) of the annual premiums on each policy of insurance required to be maintained hereunder; provided that with the first such deposit there shall be deposited, in addition, an amount equal to one-twelfth (1/12) of such annual insurance premiums multiplied by the number of months elapsed between the date premiums on each policy are last paid to and including the date of deposit.

The amount of such deposits shall be based upon Mortgagee's reasonable estimate as to the amount of Impositions and premiums of insurance next to be payable. Mortgagee will, upon timely presentation to Mortgagor by Mortgagor of the bills therefor, pay the Charges from such deposits. In the event the deposits on hand shall not be sufficient to pay all of the Charges when the same shall become due from time to time, or the prior deposits shall be less than the currently estimated monthly amounts, then Mortgagor shall pay to Mortgagee on demand any amount necessary to make up the deficiency. The excess of any such deposits shall be returned to Mortgagor or credited towards subsequent Charges, at the discretion of Mortgagee. If an Event of Default shall occur under the terms of this Mortgage, Mortgagee may, at its option, without being required so to do, apply any deposits on hand to the Obligations, in such order and manner as Mortgagee may elect. When the Obligations have been fully paid, any remaining deposits shall be returned to Mortgagor as its interest may appear. All deposits are hereby pledged as additional security for the Obligations, shall be held for the purposes for which made as herein provided, may be held by Mortgagee, and may be commingled with other funds of Mortgagee, shall be held without any allowance of interest thereon, and shall not be subject to the decision or control of Mortgagor. Mortgagee shall not be liable for any act or omission made or taken in good faith. In making any payments, Mortgagee may rely on any statement, bill or estimate procured from or issued by the payee without inquiry into the validity or accuracy of the same. If the taxes shown in the tax statement shall be levied on property more extensive than the Mortgaged Property, Mortgagee shall be under no duty to seek a tax division or apportionment of the tax bill, and any payment of taxes based on a larger parcel shall be paid by Mortgagor, and Mortgagor shall expeditiously cause a tax subdivision to be made.

1.11. Compliance with Code. Mortgagor covenants that when completed the improvements to the Mortgaged Property shall comply with all applicable restrictions, conditions, codes, ordinances, regulations, and laws of the City of North Branch (the "City") and other governmental bodies having jurisdiction over the Mortgaged Property, including, without limitation, the Americans with Disabilities Act and those related to environmental protection. Mortgagor has NOT commenced construction of improvements to the Mortgaged Property.

ARTICLE TWO

EVENTS OF DEFAULT

Each of the following occurrences shall constitute an Event of Default hereunder:

2.1. Failure to pay. Mortgagor's failure to pay any amount due under the Note or any other amount required to be paid by Mortgagor hereunder when due.

2.2. Other Performance Failure. The Mortgagor's failure to duly observe or perform any of the other terms, conditions, covenants, or agreements required to be observed or performed by Mortgagor hereunder or in the Note and the continuation of such failure for a period of 30 days after Mortgagee gives Mortgagor written notice of such failure.

2.3. Breach of Warranty of Title. Subject to Mortgagor's right to contest in good faith as set forth in Section 1.4 hereof, the breach of any warranty of title or any other warranty made by Mortgagor hereunder.

2.4. Misrepresentation. The making of any material misstatement in any financial statement or report submitted to Mortgagee by or on behalf of Mortgagor.

2.5. Foreclosure. The institution of a foreclosure or other enforcement proceedings by the holder of any other lien on the Mortgaged Property (without hereby implying Mortgagee's consent to any mortgage or other lien).

2.6. Sale of Property. The sale, assignment, conveyance, mortgage, encumbrance, lease, or transfer of: (i) Mortgagor's interest in the Mortgaged Property or any part thereof, or any interest therein; or (ii) any transfer in ownership or control of Mortgagor, without the prior written consent of Mortgagee, which consent may be granted or withheld by Mortgagee at its sole discretion.

2.7. Breach of the Mortgages, Other Agreements, etc. Any default or breach under the First Lien Mortgage, any other note, mortgage or other obligation of Mortgagor or Borrower now held or hereafter acquired by Mortgagee or City, or any other failure to comply with the terms and conditions thereof and the continuance thereof beyond any applicable notice and/or cure period contained therein.

ARTICLE THREE

ACCELERATION AND FORECLOSURE; OTHER REMEDIES

Upon any Event of Default, Mortgagee may, at its option, exercise one or more of the following rights and remedies (and any other rights and remedies available to it):

3.1. Acceleration. Mortgagee may declare immediately due and payable all unmatured Obligations secured by this Mortgage, and the same shall thereupon be immediately due and payable, without notice or demand.

3.2. UCC Remedies. Mortgagee shall have and may exercise with respect to all fixtures and any personal property included in the Mortgaged Property, all the rights and remedies accorded upon default to a secured party under the Uniform Commercial Code, as in effect in the State of Minnesota.

3.3. Foreclosure; Action or Advertisement. Mortgagee may (and is hereby authorized and empowered to) foreclose this Mortgage by action or advertisement, pursuant to the statutes of the State of Minnesota in such case made and provided, power being expressly granted to sell the Mortgaged Property at public auction and convey the same to the purchaser to the full extent of Mortgagor's interest and, out of the proceeds arising from such sale, to pay all Obligations secured hereby without interest, and all legal costs and charges of such foreclosure and the maximum attorneys' fees permitted by law, which costs, charges and fees Mortgagor agrees to pay. Any real estate or interest or estate sold hereunder may be sold in one parcel, as an entirety, or in such parcels and in such manner or order as Mortgagee, in its sole discretion, may elect. In case of any sale of the Mortgaged Property pursuant to any judgment or decree of any court or at public auction or otherwise in connection with the enforcement of any of the terms of this Mortgage, Mortgagee, its successors and assigns, may become the purchaser, and for the purpose of making settlement for or payment of the purchase price, shall be entitled to deliver over and use any sum then due under the Note, together with all other sums, without interest, advanced and unpaid hereunder, and all statutory charges for such foreclosure including maximum attorney's fees allowed by law in order that there may be credited as paid on the purchase price the sum then due under the Note and all other sums, without interest, advanced and unpaid hereunder, and all charges and expenses of such foreclosure including maximum attorneys' fees allowed by law.

3.4. Receiver. Mortgagee shall be entitled as a matter of right without notice and without giving bond and without regard to the solvency or insolvency of Mortgagor, or waste of the Mortgaged Property or adequacy of the security of the Mortgaged Property, to apply for the appointment of a receiver, in accordance with the statutes and law made and provided. The receiver shall collect the rents, and all other income of any kind; manage the Mortgaged Property so to prevent waste; execute leases within or beyond the period of receivership, pay all expenses for normal maintenance of the Mortgaged Property and perform the terms of this Mortgage and apply the rents, issues and profits as permitted by Minnesota Statutes, Section 576.25 in the following order to (i) payment of the reasonable fees of said receiver, (ii) application of tenant security deposits as required by Minnesota Statutes Section 504B.178, (iii) payment when due of prior or current real estate taxes or special assessments with respect to the Mortgaged Property or,

if this Mortgage so requires, to the periodic escrow for the payment thereof, (iv) the payment when due of premiums for insurance of the type required by this Mortgage or, if this Mortgage so requires, to the periodic escrow for the payment thereof; and (v) as further provided in any Assignment of Rents executed by Mortgagor as further security for the Obligations (whether included in this Mortgage or separate instrument), including but not limited to applying the same to the costs and expenses of the receivership, including reasonable attorneys' fees, to the repayment of the Obligations and to the operation, maintenance, upkeep and repair of the Mortgaged Property, including payment of taxes and payments of premiums of insurance. Mortgagor does hereby irrevocably consent to such appointment.

3.5. Specific Performance. Mortgagee may bring suit for specific performance of any covenant or warranty hereunder.

3.6. Forbearance and Other Rights of Mortgagee. Any delay by Mortgagee in exercising any right or remedy hereunder, or otherwise afforded by law or equity, shall not be a waiver of or preclude the exercise of such right or remedy or any other right or remedy hereunder or at law or in equity. The failure of Mortgagee to exercise any option to accelerate maturity of the Obligations secured by the Mortgage, the forbearance by Mortgagee before or after the exercise of such option, or the withdrawal or abandonment of proceedings provided for by this Mortgage shall not be a waiver of the right to exercise such option or to accelerate the maturity of such Obligations by reason of any past, present, or future event which would permit acceleration. The procurement of insurance or the payment of taxes or other liens or charges by Mortgagee shall not be a waiver of Mortgagee's right to accelerate the maturity of the Obligations. Mortgagee's receipt of any awards, proceeds, or damages shall not operate to cure or waive default by Mortgagor. Mortgagee may at any time, without notice, release any person liable for payment of any Obligations, extend the time or agree to alter the terms of payment of any of the Obligations, accept additional security of any kind, release any plat or map of the Mortgaged Property or the creation of any easement thereon or any covenants restricting use or occupancy thereof, or agree to alter or amend the terms of this Mortgage in any way. No such release, modification, addition, or change shall affect the liability of any person other than the person so released, for payment of any Obligations, nor affect the priority and lien status of this Mortgage upon any property not so released.

ARTICLE FOUR

ASSIGNMENT OF RENTS

4.1. Assignment. As security in addition to the lien of this Mortgage upon the Property, Mortgagor hereby grants, transfers and assigns to Mortgagee all of the right, title and interest of Mortgagor in and to all Leases and all rents, income, profits, revenues, royalties, bonuses, rights, accounts, contract rights, general intangibles and benefits (all of which are sometimes hereinafter referred to as "Rents"), now or hereafter accruing or owing by reason of a Lease of any or all of the Property.

4.2. Covenants of Performance. To protect the security of this Assignment, Mortgagor warrants, covenants, and agrees:

(a) to faithfully abide by, perform and discharge each and every obligation, covenant and agreement under any Leases to be performed by Mortgagor thereunder; to give prompt written notice to Mortgagee of any notice of default on the part of Mortgagor with respect to any Lease received from a tenant thereunder; to enforce or secure short of termination of any Lease the performance of each and every obligation, covenant, condition and agreement of the Leases by the tenants thereunder to be performed; not to borrow against, pledge or assign any of the Rents, or anticipate the Rents; not to waive, excuse, condone or in any manner release or discharge any tenant thereunder of or from the obligations, covenants, conditions and agreements to be performed under the Lease or to permit the tenant to assign its interest in the Lease unless required to do so by the terms of the Lease; not to terminate the Leases or accept a surrender thereof or a discharge of the tenant unless required to do so by the terms of the Lease; not to consent to a subordination of the interest of the tenant thereunder to any party other than Mortgagee and then only if specifically required to do so by Mortgagee;

(b) at Mortgagor's sole cost and expense, to appear in and defend any action or proceeding arising under, growing out of or in any manner connected with the Leases or the obligations, duties or liabilities of Mortgagor and tenants thereunder, and to pay all costs and expenses of Mortgagee, including attorneys' fees in a reasonable sum, in any such action or proceeding in which Mortgagee may appear or with respect to which it may incur costs;

(c) that Mortgagor has the full right and title to assign the Rents; that at the date of this Mortgage there exist no Leases which now or in the future affect the Mortgaged Property which have not been disclosed to Mortgagee in writing; and that there is no outstanding assignment or pledge of the Leases or Rents; and

(d) to furnish to Mortgagee, at Mortgagee's written request, a complete list of all Leases and security deposits made thereunder as to any part of the Mortgaged Property, showing the type of lease, the name of the tenant, the monthly rental, the date to which paid, the term of the Lease, the date of occupancy, and the date of expiration and any and every special premium, concession or inducement granted to the tenant.

4.3. Assignment Absolute. This Assignment is absolute and is effective immediately. Notwithstanding the foregoing, until an Event of Default, as defined in ARTICLE TWO above, has occurred, Mortgagor may receive, collect, and enjoy the Rents. Upon or at any time after an Event of Default has occurred, Mortgagee may at its option, without notice:

(a) in the name, place and stead of Mortgagor (i) enter upon, manage and operate the Mortgaged Property, or retain the services of an independent contractor to manage and operate the same, (ii) make, enforce, modify and accept surrender of the Leases, (iii) obtain or evict tenants, demand, collect, sue for, receive and give acquittances for, fix or modify Rents and enforce all rights of Mortgagor under the Leases, and (iv) perform any and all other acts that may be necessary or proper to protect the security of this Assignment; provided always, however, that until the end of any redemption period available to Mortgagor after any foreclosure of this Mortgage Mortgagee shall continue to deal with the Leases on the Property in a reasonable businesslike manner, recognizing and protecting Mortgagor's continuing rights during such period to retake possession and control of the Mortgaged Property upon paying the appropriate redemption price, and to resume the management of such Leases;

(b) give or require Mortgagor to give notice to any and all tenants under the Leases authorizing and directing the tenants to pay all Rents due under the Leases directly to Mortgagee; and

(c) apply for, and Mortgagor hereby consents to, the appointment of a receiver of the Mortgaged Property.

4.4. Application of Rents.

(a) All Rents collected by Mortgagee, or by a receiver, shall be held and applied by Mortgagee in its reasonable discretion, in accordance with applicable law, including, without limitation to: (i) payment of all reasonable fees of the receiver, if any, approved by the court; (ii) the repayment when due of all tenant security deposits pursuant to the provisions of Minnesota Statutes Section 504B.178; (iii) payment of all delinquent or current real estate taxes and special assessments payable with respect to the Property or, if this Mortgage so requires, to the periodic escrow for the payment thereof; (iv) payment of all premiums then due for the insurance required by the provisions of this Mortgage or, if this Mortgage so requires, to the periodic escrow for the payment thereof; (v) payment of expenses incurred for normal maintenance of the Mortgaged Property.

(b) Any amounts remaining after such application shall be applied as follows:

(i) if received prior to any foreclosure sale of the Mortgaged Property to Mortgagee for payment of the indebtedness secured by this Mortgage, but no such payment made after acceleration of the indebtedness shall affect such acceleration; and

(ii) if received during or with respect to a period after a foreclosure sale of the Mortgaged Property:

(1) if the purchaser at the foreclosure sale is not Mortgagee, first to Mortgagee to the extent of any deficiency of the sale proceeds to repay the indebtedness secured by this Mortgage, second to the purchaser as a credit to the redemption price, but if the Mortgaged Property is not redeemed, then to the purchaser of the Mortgaged Property;

(2) if the purchaser at the foreclosure sale is Mortgagee, first to Mortgagee to the extent of any deficiency of the sale proceeds to repay the indebtedness secured by this Mortgage and the balance to be retained by Mortgagee as a credit to the redemption price, but if the Mortgaged Property is not redeemed, then to Mortgagee, whether or not such deficiency exists.

4.5. Continuing Effect. The rights and powers of Mortgagee under this Assignment and the application of the Rents shall continue and remain in full force and effect both before and after commencement of any action or procedure to foreclose this Mortgage, after any foreclosure sale of Mortgagor's interest in the Property in connection with the foreclosure of this Mortgage, and until expiration of the period of redemption from any such foreclosure sale, whether or not any deficiency from the unpaid balance of the Obligations exists after such foreclosure sale.

4.6. Mortgagee Not Obligated. Mortgagee shall not be obligated by this Assignment for the control, care, management or repair of the Mortgaged Property, nor for the carrying out of any of the terms and conditions of the Leases; nor shall this Assignment operate to make Mortgagee responsible or liable for any waste committed on the Mortgaged Property by the tenants or any other party, or for any dangerous or defective condition of the Mortgaged Property, or for any violation of Environmental Laws or for any negligence in the management, upkeep, repair or control of the Mortgaged Property resulting in any loss or any injury or death to any person.

4.7. Hold Harmless. Mortgagor shall and does agree to indemnify and to hold Mortgagee harmless of and from any and all liability, loss or damage which it may or might incur under or by reason of this Assignment, and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in the Leases; provided, however, that such indemnification shall not apply if the same arises out of Leases intentionally breached by Mortgagee which were made by Mortgagor in the ordinary course of managing the Mortgaged Property and prior to the time Mortgagee obtained the right to possess and manage the Mortgaged Property, or if the same arises out of the negligent or willful act of Mortgagee in operating and using the Mortgaged Property. Should Mortgagee incur any such liability, loss, or damage under any Lease or by reason of this Assignment, or in the defense of any such claims or demands, the amount thereof, including costs, expenses, and reasonable attorneys' fees, shall be secured hereby and Mortgagor shall reimburse Mortgagee therefor immediately upon demand. Mortgagee shall give Mortgagor notice of any such claim and Assignor shall have the opportunity to defend Mortgagee in connection therewith with counsel reasonably acceptable to Mortgagee; provided Mortgagee's failure to give such notice and opportunity to defend shall not

affect Mortgagor's obligations under this Section except to the extent Mortgagor is actually prejudiced by such failure.

4.8. Authorization to Tenants. The tenants under any of the Leases are hereby irrevocably authorized and directed to recognize the claims of Mortgagee or its assigns hereunder without investigating the reason for any action taken by Mortgagee, or the validity or the amount of indebtedness owing to Mortgagee, or the existence of any such event of default, or the application of the Rents to be made by Mortgagee. Mortgagor hereby irrevocably directs and authorizes each tenant to pay to Mortgagee all sums due under its Lease and consents and directs that said sums shall be paid to Mortgagee without the necessity for a judicial determination that any such event of default has occurred or that Mortgagee is entitled to exercise its rights hereunder, and to the extent such sums are paid to Mortgagee, Mortgagor agrees that the tenants shall have no further liability to Mortgagor for the same. The sole signature of Mortgagee shall be sufficient for the exercise of any rights under this Assignment and the sole receipt of Mortgagee for any sums received shall be a full discharge and release therefor to the tenants or occupants of the Mortgaged Property.

4.9. Mortgagee Attorney-in-Fact. Mortgagor hereby irrevocably appoints Mortgagee as its agent and attorney in fact, which appointment is coupled with an interest, to exercise any rights or remedies hereunder and to execute and deliver during the term of this Assignment such instruments as Mortgagee may deem necessary to make this Assignment and any further assignment effective.

4.10. Mortgagee Not in Possession. Nothing herein contained and no actions taken pursuant to this Assignment shall be construed as constituting Mortgagee a "Mortgagee in Possession."

ARTICLE FIVE

CONDEMNATION

5.1. Notice. Mortgagor will give Mortgagee prompt notice of any action, actual or threatened, in condemnation or eminent domain, direct or inverse.

5.2. Awards. Subject to any obligations under the First Lien Mortgage, which has priority over this Mortgage, Mortgagor hereby assigns, transfers, and sets over to Mortgagee the entire proceeds of any award or payment which becomes payable by reason of any taking of or damage to the Mortgaged Property, or any part or appurtenance thereof, either temporarily or permanently, in or by condemnation or other eminent domain proceedings or by reason of sale under threat thereof, or in anticipation of the exercise of the right of condemnation or other eminent domain proceedings. Mortgagor will file or prosecute in good faith and with due diligence what would otherwise be its claim in any such award or payment and cause the same to be collected and paid over to Mortgagee, and Mortgagor irrevocably authorizes and empowers Mortgagee, which power is coupled with an interest and is irrevocable, in the name of Mortgagor or otherwise, in the event that Mortgagor fails to do so, to file and prosecute any such claim and to collect, receipt for and retain the same. The proceeds of the award or payment, after deducting all reasonable costs, attorneys' fees and other expenses which may have been incurred by Mortgagee in collection thereof, at the sole discretion of Mortgagee, may be released to Mortgagor, applied to restoration of the Mortgaged Property, or applied to the payment of any part of the Obligations, in such order of application as Mortgagee may determine. If proceeds are made available to be applied to restoration, they shall be held and disbursed in accordance with Paragraph 1.6(d) hereof.

ARTICLE SIX

UNIFORM COMMERCIAL CODE

6.1. Security Interest. This Mortgage shall constitute a security agreement as defined in the Uniform Commercial Code with respect to, and Mortgagor hereby grants Mortgagee a security interest in, all of fixtures and any personal property included in the Mortgaged Property and substitutions therefor and proceeds thereof. Mortgagor hereby authorizes Mortgagee to file one or more financing statements, covering such fixtures and personal property (in a form satisfactory to Mortgagee) which Mortgagee may reasonably consider necessary or appropriate to perfect its security interest. Mortgagor also authorizes Mortgagee to file amendments to financing statements, and terminations of financing statements filed by other secured parties, all with respect to all fixtures and personal property included in the Mortgaged Property, in such form and substance as Mortgagee, in its reasonable discretion, may determine. Mortgagor will pay to Mortgagee, on demand, the amount of any and all costs and expenses (including reasonable attorneys' fees and legal expenses) paid or incurred by Mortgagee in connection with the exercise of any right or remedy referred to in this Section. In any instance where Mortgagor in its sound discretion determines that any item subject to a security interest under this Mortgage has become: (i) inadequate, obsolete, worn out, or (ii) unsuitable, undesirable or unnecessary for the operation of the Mortgaged Property, Mortgagor may, at its expense, remove and dispose of it and substitute and install other items not necessarily having the same function, provided, that such removal and substitution shall not impair the operating utility and unity of the Mortgaged Property. With respect to items which are a part of the Mortgaged Property, all items substituted for such items shall become a part of the Mortgaged Property and subject to the lien of this Mortgage. Any amounts received or allowed Mortgagor upon the sale or other disposition of the removed items of property shall be applied against the cost of acquisition and installation of the substituted items. Nothing herein contained shall be construed to prevent any tenant or subtenant from removing from the Mortgaged Property trade fixtures, furniture and equipment installed by it and removable by tenant under its terms of any one or more of the Leases, on the condition, however, that Mortgagor shall assure the repair of any and all damages to the Mortgaged Property resulting from or caused by the removal thereof. Mortgagee acknowledges that no items of personal property are included in the Mortgaged Property.

6.2. Fixture Filing. From the date of its recording, this Mortgage shall be effective as a financing statement with respect to all goods constituting part of the Mortgaged Property which are or are to become fixtures related to the real estate described herein. For this purpose, the following information is set forth:

(a) Name and Address of Mortgagor:

Entity Name
Address
City, State, Zip
Attention: _____

(b) Name and address of Secured Party:

City of North Branch, Minnesota
6408 Elm Street
North Branch, MN 55056
Attn: EDA Executive Director

(c) This document covers goods which are or are to become fixtures.

(d) The real estate to which such fixtures are or are to be attached is that described in Exhibit A attached hereto.

ARTICLE SEVEN

MISCELLANEOUS

7.1. Mortgagee's Remedies Cumulative. All remedies of Mortgagee are distinct and cumulative to any other right or remedy under this Mortgage or afforded by law or equity, and may be exercised concurrently or independently, as often as the occasion therefore arises.

7.2. Successors and Assigns Bound; Captions. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective heirs, legal representatives, successors and assigns of Mortgagee and Mortgagor. The captions and headings of the Sections of this Mortgage are for convenience only and are not to be used to interpret or define the provisions hereof.

7.3. Notices. Any notice from Mortgagee to Mortgagor under this Mortgage shall be deemed to have been given by Mortgagee and received by Mortgagor, when delivered personally to an officer of Mortgagor or 3 days after the date it is mailed by certified mail addressed as follows:

Entity Name
Address
City, State, Zip
Attention:

7.4. Governing Law; Severability. This Mortgage shall be governed by the laws of the State of Minnesota. In the event that any provision or clause of this Mortgage conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage which can be given effect without conflicting provisions and to this end the provisions of this Mortgage are declared to be severable.

7.5. Counterparts. This Mortgage may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument.

7.6. Waiver of Appraisal, Homestead, Marshaling. Mortgagor hereby waives the benefit of any homestead, appraisal, evaluation, stay and extension laws now or hereinafter in force. Mortgagor hereby waives any rights available with respect to marshaling of assets so as to require the separate sales of any portion of the Mortgaged Property or to require Mortgagee to exhaust its remedies against a specific portion of the Mortgaged Property before proceeding against the other.

7.7. Subsequent Agreements. Any agreement hereafter made by Mortgagor and Mortgagee pursuant to this Mortgage shall be superior to the rights of the holder of any intervening lien or encumbrance.

[Signature Page Follows]

SIGNATURE PAGE TO MORTGAGE

IN WITNESS WHEREOF, Mortgagor has caused this Mortgage to be duly executed as of the day and year first written.

[Entity Name], a Minnesota limited liability company

By: _____
Its: _____

By: _____
Its: _____

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me on _____, 20____, by _____, the _____, and by _____, the _____, of _____, a Minnesota limited liability company, on behalf of the limited liability company.

Notary Public
My Commission Expires:

EXHIBIT A
LEGAL DESCRIPTION

Property Identification Number(s) – PID:

Legal Description

EXHIBIT B

PERMITTED ENCUMBRANCES

1. Provide list and details of permitted encumbrances, if any.
- 2.

PROMISSORY NOTE
(Facade Improvement Forgivable Loan Program)

[Date of Note]

Amount: \$
Interest: 0.00%
Maturity:

FOR VALUE RECEIVED, the undersigned, , a Minnesota limited liability company (“Borrower”), promises to pay to the order of the City of North Branch, a statutory city and political subdivision organized and existing under the Constitution and laws of the State of Minnesota (“Lender”), at 6408 Elm Street, North Branch, MN 55056, or such other place as the Lender or any other holder of this Note may designate in writing, on or before the Maturity Date (as defined below), the principal sum of and 00/100 Dollars (\$), without interest.

This Note is made pursuant to a Loan Agreement, between Borrower and Lender, of even date herewith (“Loan Agreement”). All capitalized terms which are not otherwise defined herein shall have the meanings set forth in the Loan Agreement.

This Note is secured by, among other things, the Mortgage by the Borrower in favor of Lender made to Lender of even date herewith (collectively, the “Security Documents”). All of the terms and conditions contained in the Security Documents which are to be kept and performed by Borrower are hereby made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein; and Borrower covenants and agrees to keep and perform them, or cause them to be kept and performed, strictly in accordance with their terms.

This Note is made pursuant to Lender’s Facade Improvement Forgivable Loan Program. As of each Determination Date (as defined in the Loan Agreement), Lender will forgive \$ of the principal balance of the Note, subject to and in accordance with the terms of the Loan Agreement. If Lender determines at any time that Borrower is not in compliance with the terms of the program, subject to and in accordance with the terms of the Loan Agreement, Borrower will be required to promptly pay the outstanding principal hereunder on the Conversion Date (as defined in the Loan Agreement).

If the Lender, or any other holder of this note, has not received the full amount of any outstanding principal provided for in this note, by the end of 7 calendar days after the date it is due, Borrower shall pay a late charge fee to the Lender, or any other holder of this note. The amount of the late charge fee shall be 8.00% of the overdue outstanding principal. The Borrower shall pay this late charge fee on demand, however, collection of the late charge fee shall not be deemed a waiver of the Lender’s right to declare an Event of Default and exercise its rights and remedies as provided for in the Loan Agreement and the Security Documents.

Each payment made under this note shall be applied as follows: (i) first, to be applied against and pay unpaid late charges and any other charges, including attorneys’ fees and protective

advances; and then (ii) all remaining amounts, if any, shall be applied against and reduce the then outstanding principal balance of this Note.

If an Event of Default shall occur hereunder or under the Loan Agreement or the Security Documents and any cure period provided for in the Loan Agreement or the Security Documents has expired, the entire principal amount outstanding and any other charges due hereon shall at once become due and payable at the option of the Lender or the holder hereof. Any failure of the Lender to exercise its right to accelerate this note at any time shall not constitute a waiver of the right to exercise the same right to accelerate the note at any subsequent time.

The Borrower may prepay the principal under this note at any time and from time to time, in whole or in part, without premium or penalty.

All sums payable to the Lender under this Note shall be paid in immediately available funds.

The Borrower promises to pay all costs in connection with the enforcement of this Note, including but not limited to, those costs, expenses, and attorneys' fees of Lender whether or not suit is filed with respect thereto and whether or not such cost or expense is paid or incurred or to be paid or incurred prior to or after the entry of judgment or for the pursuance of, or defense of, any litigation, appellate, bankruptcy, or insolvency proceeding.

Presentment, notice of dishonor and protest are hereby waived by all makers, sureties, guarantors, and endorsers hereof. This Note shall be binding upon Borrower, its successors, and assigns.

The remedies of Lender, as provided herein and in the Loan Agreement and the Security Documents, shall be cumulative and concurrent and may be pursued singly, successively, or together, at the sole discretion of Lender, and may be exercised as often as occasion therefor shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

Time is of the essence hereof.

This Note shall be governed by and be construed under the laws of the State of Minnesota, without regard to principles of conflicts of law.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has caused this Note to be effective as of the day and year first above written.

[ENTITY NAME]

a Minnesota limited liability company

By: _____
Its: _____

By: _____
Its: _____

(Top 3 inches reserved for recording data)

**CERTIFICATE AND REQUEST FOR NOTICE
by Business Entity**

**Minnesota Uniform Conveyancing Blanks
Form 60.6.2 (2006)**

1. The name and mailing address of the person holding a lien or having a redeemable interest in real property requesting notice is:

North Branch Economic Development Authority, 6408 Elm Street, North Branch, MN 55056, Attn: EDA Executive Director ("Requesting Party").

2. The redeemable interest or lien of the Requesting Party was created by the following instrument:
Mortgage, Assignment of Rents, Security Agreement, and Fixture Financing Statement dated _____ and
(insert name of document/instrument) *(month/day/year)*

recorded on _____ Document Number _____ (or in Book _____ of _____,
(month/day/year)

Page _____), in the Office of the ☒ County Recorder ☒ Registrar of Titles of Chisago County, Minnesota.
(check the applicable boxes)

3. The Requesting Party has a redeemable interest in or lien upon real property in Chisago County, Minnesota, described as follows:

See attached Exhibit A.

Check here if all or part of the described real property is Registered (Torrens) ☒

4. The Requesting Party requests notice of any mortgage foreclosure by advertisement as provided in Minn. Stat. 580.032, subd. 1.

5. The Requesting Party requests notice of any post-foreclosure sale reduction of the mortgagor's redemption period for any superior lien as provide in Minn. Stat. 582.032, subd. 3.

NORTH BRANCH ECONOMIC DEVELOPMENT
AUTHORITY, NORTH BRANCH, MINNESOTA
 (name)

By: _____
 (signature)

Its: EDA Executive Director
 (type of authority)

By: _____
 (signature)

Its: EDA Chair
 (type of authority)

State of Minnesota, County of CHISAGO

This instrument was acknowledged before me on _____, by _____
 (month/day/year) (name of authorized signer)

_____ as EDA Executive Director
 (type of authority)

and by _____
 (name of authorized signer)

as EDA Chair of NORTH BRANCH ECONOMIC DEVELOPMENT AUTHORITY, NORTH BRANCH, MINNESOTA.
 (type of authority) (name of party on behalf of whom the instrument was executed)

(Seal, if any)

 (signature of notarial officer)

Title (and Rank): _____

My commission expires: _____
 (month/day/year)

THIS INSTRUMENT WAS DRAFTED BY:
 (insert name and address)

City of North Branch
 6408 Elm Street
 North Branch, MN 55056

EXHIBIT A
LEGAL DESCRIPTION

Property Identification Number(s) – PID:

Legal Description



Prepared By:
Linda Woulfe, Interim City Administrator
Presenter: Sara Paul, Chair
Date: 08/16/2024

Board & Commission: Economic Development Authority

Subject: Approval of Amendments to the EDA Bylaws

A subcommittee of the EDA has been working on revisions to the EDA bylaws. The EDA discussed these at the July 16, 2024 meeting and came to a consensus of amendments.

Attached is the amended bylaws.

Requested Action
Consider of approval of the amended bylaws

Voting Requirements:

For discussion purposes only

BYLAWS OF THE NORTH BRANCH ECONOMIC DEVELOPMENT AUTHORITY

Amended: ~~September 19, 2023~~ July 11, 2024

1. The Authority

Section 1.1. **Name of Authority.** The name of the Authority shall be the North Branch Economic Development Authority, ~~(hereinafter the “EDA” or “Authority”), and its governing body and members shall be referred hereafter as “Commission” and “Commissioners,” respectively. called the Board of Commissioners (hereinafter the “Board”).~~

Section 1.2. **Office.** The principal office of the Authority shall be at City Hall, 6408 Elm Street, North Branch, Minnesota 55056.

Section 1.3. **Seal.** The Authority shall have an official seal.

2. Organization

Section 2.1 **Members.** The EDA shall consist of a governing body of seven (y) Commissioners. Two (2) of the eCommissioners shall be members of the City Council and serve as Commissioners of the EDA for terms coinciding with their terms as members of City Council. All other appointed members serve a six (6) year term. All commissioners shall be appointed by the Mayor with the approval of City Council.

Ex-Officio Members. The EDA Chair shall annually appoint ex-officio members with the approval of the EDA to represent the Chisago County HRA-EDA, ~~North Branch Water & Light Commission,~~ North Branch Chamber of Commerce, and North Branch School District #138.

Section 2.2 **Officers.** The officers of the Authority shall consist of the following: a Chair, a Vice Chair, Chair Pro Tem, a Secretary, and a Treasurer, ~~and an Assistant Treasurer.~~ The Chair and , Vice Chair, Chair Pro Tem, Treasurer, Assistant Treasurer, and Secretary shall be elected annually ~~at the first meeting of the year, at the annual meeting.~~ No Commissioner may serve as Chair, and Vice Chair, or Chair Pro Tem at the same time. The offices of Secretary, Treasurer, ~~Assistant Treasurer,~~ and Executive Director need not be held by a Commissioner.

Section 2.3 **Chair.** The Chair shall preside at all meetings of the ~~Board-Commission~~ and, as such, the Chair is responsible for making sure that each meeting is conducted according to these by-laws and the City Council Policy for meeting decorum and procedures to ensure that matters are dealt with in an orderly and efficient manner No City Council member shall be Chair.

Section 2.4 **Vice Chair.** The Vice Chair shall preside at any meeting of the ~~Board-Commission~~ in the absence of the Chair, and may exercise all powers and perform all responsibilities of the

Chair, if the Chair cannot exercise or perform the same due to absence or other inability. No City Council member shall be Vice Chair.

~~Section 2.5~~ **Chair Pro Tem.** In the event of the absence or inability of the Chair or, Vice Chair to preside at any meeting, the senior most Commissioner shall serve as and the Chair Pro Tem at any meeting, the Board may appoint any remaining Commissioner as Chair Pro Tem to preside at such meeting of the Commission.

~~Section 2.56~~ **Treasurer.** The Treasurer shall be the Finance Director of the City of North Branch. (the "City"). The Treasurer shall provide to the Commission a routine accounting of the Authority's budget and finances, as directed by the Executive Director. receive and be responsible for Authority money, shall disburse Authority money by check only (in accordance with Section 4.3. herein), keep an account of all Authority receipts and disbursements and the nature and purpose relating thereto. The Treasurer shall file the Authority's financial statements with its Secretary at least once a year as set by the Authority, and be responsible for the acts of the Assistant Treasurer.

~~Section 2.7~~ **Assistant Treasurer.** The Assistant Treasurer shall have all the powers and duties of the Treasurer if the Treasurer is absent or disabled.

~~Section 2.678~~ **Secretary.** The Secretary shall be the Executive Director, or his/her designee. The Secretary shall keep or cause to be kept the minutes of all meetings of the Board Commission, and shall maintain or cause to be maintained all records of the Authority. The Secretary shall also have such additional duties and responsibilities as the Board may from time to time and by resolution prescribe.

~~Section 2.79~~ **Executive Director.** The City Council shall appoint the Executive Director. The Executive Director shall be the Community Development Director of the City. The Executive Director shall serve as the primary staff to the EDA, and shall prepare agendas for EDA meetings and prepare the annual budget on behalf of the EDA to the City Council, and be the primary staff to the EDA, prepare agendas for the EDA and perform all other economic development activities for the Commission. The Executive Director will place the budget on the EDA website for reference.

~~Section 2.810~~ **Advisory Committee.** The Authority may, by resolution, establish one or more advisory sub-committees to the Authority, such as including the a Finance sub-committee, Marketing sub-committee and others sub-committees as determined necessary by the Authority, as needed.

~~Section 2.911~~ **Compensation and Reimbursement.** A Member Commissioner may be paid for attending each regular meeting of the Authority in an amount to be determined by the North Branch City Council.

3. ~~Procedures of the Commission~~ **Board of Commissioners**

~~Section 3.1.~~ **Annual Meeting.** The annual meeting of the Board Commission shall be held after appointments made by the Mayor and approved by the City Council at this the City Council's annual organizational meeting, typically the Council's first meeting in January each year. The

~~Commission's annual meeting also typically occurs and shall be made at their its first meeting in January each year.~~

- Section 3.2. **Regular Meeting.** The ~~Board-Commission~~ shall hold regular meetings on the 3rd Tuesday of each month ~~commencing at 11:30 am, or at such other~~ at a time determined by the ~~as the~~ Commission. ~~Board may determine.~~
- Section 3.3. **Special Meetings.** Special meetings of the ~~Board-Commission~~ may be called by any two (2) Commissioners or by the Executive Director. The Executive Director or City Clerk ~~(this is the actual City process)~~ shall post notice of any special meeting in the principal ~~office of the Authority~~ at City Hall no less than three (3) days prior to such special meeting.
- Section 3.4. **Quorum.** A quorum of the ~~Board-Commission~~ shall consist of four (4) Commissioners. ~~If due to vacancies, the Commission has not more than five (5) Commissioners a quorum shall be three (3).~~ In the absence of a quorum, no official action may be taken by, on behalf of, or in the name of the ~~Board-Commission~~ or the Authority.
- Section 3.5. **Adoption of Resolutions.** Resolutions of the ~~Board-Commission~~ shall be deemed adopted if approved by not less than a simple majority of all Commissioners present. Resolutions may, but need not be, read aloud prior to vote taken thereon and may, but need not be, executed after passage.
- Section 3.6. **Rules of Order.** The meetings of the ~~Board-Commission~~ shall be governed by the most recent edition of Robert's Rules of Order.
- Section 3.7 **Meeting Agenda.** Regular meetings of the EDA shall ~~generally include the following the agenda format as attached hereto in Exhibit A. items: old, business, new business, project updates (whether or not they result in EDA action), informational reports as deemed advisable by the Community Development Director, and public comment.~~
- ~~-All requests for items on the meeting agenda will-shall include a cover memo from the City and/or EDA staff, Councilmember, or Commission member with background information and the reason for the discussion. The Executive Director will review the agenda requests with the EDA Chair and may remove those items deemed to be inappropriate or outside the realm of the scope of a Commission's authority. The deadline for requests for items to be included on a meeting agenda must be one week prior to the meeting and be accompanied by written materials to be included in the agenda packet. After the agenda is published, only time sensitive items may be added or deleted from the agenda until the day prior to the meeting. After that time, only emergency items may be added.~~
- Section 3.8 **Public Comment.** A limited forum for individuals to speak with the EDA is provided on the agenda. Public comments during the public comment period are subject to these limitations:
1. ~~Speakers shall sign up to speak prior to the start of the meeting.~~
 2. ~~Speakers must be recognizes by the Chair before speaking and are limited to three-five (5) minutes for comment.~~

3. When multiple speakers appear to speak on the same topic, comments should not be repetitive. The Chair may request speakers to appoint a spokesperson.
4. The Chair may place a time limits on the public comment, period if necessary, to allow for the conduct of City-EDA business. If there is not sufficient time at the meeting to hear all public comments, the comment period may be deferred to the next regular Council-EDA meeting or at a continued meeting.

4. Miscellaneous

- Section 4.1. **Fiscal Year.** The fiscal year of the Authority shall be the same as the City's fiscal year.
- Section 4.2. **Treasurer's Bond.** The Treasurer shall give bond to the state conditioned for the faithful discharge of official duties. The bond must be approved as to form and surety by the Authority and be filed with the Secretary-City Clerk. ~~The amount of the bond shall be as defined and required by State Statute and must be for twice the amount of money likely to be on hand at any one time as determined at least annually by the Authority, provided, however, that said bond must not exceed \$300,000.~~
- Section 4.3. **Power and Authority.** ~~The economic development authority-EDA has all the power and duties set forth in Minnesota Statutes: §469.090 through §469.108 and other laws, except as where limited by this chapter. (Note this is from City Code. New Section 4.3)~~
- Section 4.4. **Financial Statement.** Financial Statements of the Authority must be prepared, presented, approved and filed in accordance with Minnesota Statutes Sections §469.098 and §469.100 and other relevant statutes as amended or revised.
- Section 4.5. **Budget to City.** ~~The City Council of the City of North Branch thru its budgeting process allocates funds yearly for the Economic Development Authority. The Authority shall submit a recommended budget and related tax levy(s) to the City Council in accordance with established City and Statutory timelines.~~
- Section 4.6. **Employees.** The Authority may utilize the services a chief engineer, technical experts and agents and other employees under the employment of the eCity or under contract with the eCity as it may require and determine their duties, qualifications, and compensation.
- Section 4.7. **Services.** The Authority may contract for the services of consultants, agents, public accountants, and others as needed to perform its duties and to exercise its powers. The Authority may also use the services of the City Attorney or hire a general counsel, as determined by the Authority.
- Section 4.8. **Supplies, Purchasing, Facilities, and Services.** To the extent included in the Authority's annual budget, the Authority may purchase the supplies and materials it needs in accordance with the City's purchasing policies and procedures.
- Section 4.9. **Execution of Contracts.** All contracts, notes, and other written agreements or instruments to which the Authority is a party or signatory or by which the Authority may be bound shall be executed by the Chair and the Executive Director. If the Executive

Director is absent or otherwise unable to execute a document the City Administrator may execute the document.

- Section 4.10. **Standards of Conduct, Removal.** ~~The~~ Commissioners are subject to the standards of conduct as set forth in the City of North Branch policies and procedures manual as revised and updated from time to time. A ~~e~~Commissioner may be removed by the ~~e~~City ~~e~~Council for inefficiency, neglect of duty, or misconduct in office after notification in writing and a hearing as prescribed in Minnesota ~~s~~Statutes §469.095, ~~s~~Subd. 5.
- Section 4.11. **Amendment of Bylaws.** These Bylaws may be amended by ~~the Board~~ ~~the~~ Commission by simple majority vote of all the Commissioners, provided that any such proposed amendment shall first have been delivered to each Commissioner at least five (5) days prior to the meeting at which such amendment is considered.

ECONOMIC DEVELOPMENT AUTHORITY HANDBOOK

October 2011



TABLE OF CONTENTS

Preface.....	i
Acknowledgements.....	ii
Introduction to Local Economic Development Organizations	1
Business Organizations	1
Development Corporations.....	1
Government Organizations.....	2
Formation and Operation of Economic Development Authorities (EDA)	4
Reasons for Forming an EDA	4
Procedures for Establishing an EDA.....	4
Board of Commissioners	7
Officers, Duties and Organizational Issues	9
Powers of EDAs	16
General Powers and Purposes	16
Specific Powers	17
Financing and Bonding Powers.....	23
Limitation of Powers	25
Glossary	27
Tables.....	30
Sample Bylaws and Enabling Resolutions,	34
Sample Job Description	48
Sample Revolving Loan Fund Policy	51

PREFACE

In these uncertain economic times, it is more important than ever for cities to develop and utilize sound economic development procedures and practices to address an ever more complex and changing marketplace.

This handbook has been prepared as a guide to assist local economic development leaders to utilize their limited resources in the best practical manner. Furthermore, this handbook seeks to ascertain methods in which one can better set up one's EDA to make it more efficient and effective in utilizing scarce resources. The key to successful economic development is communication with local businesses to learn of their needs and concerns, and to determine how to best use the community's resources to address those concerns.

Throughout my career in various economic development roles, I have seen, firsthand, just how vital development tools such as EDAs, Housing and Redevelopment Authorities, and Port Authorities can be to a community in building a vibrant business climate and in generating significant employment opportunities. Early in my career at the Region Nine Development Commission, I would have given anything to have a document such as this to utilize! As a Business Finance Specialist with the Minnesota Department of Trade and Economic Development (now MN DEED) I was able to see directly just how important EDAs are to local communities and how they could be utilized to great effect by cities in Southern Minnesota. In addition, the ability to utilize EDA powers significantly benefited economic development through my tenure as Community Development Director in the City of Roseville and as City Administrator for Oakdale. In both communities, I found the use of an EDA (or similar authorities) to be an invaluable tool in many development and redevelopment projects.

I would like to offer special thanks to a number of individuals for their hard work and dedication in updating this handbook. I would especially like to thank Mary Ippel from Briggs and Morgan for her experience and for her extensive help preparing this handbook. I would also like to thank the City of Oakdale staff including Assistant to the Administrator Dave Schaps, for coordinating the update of this handbook and compiling the information, and Intern Devin Swanberg for conducting the background research. In addition, my thanks to the Minnesota Economic Development Foundation for funding this project, the Minnesota Department of Employment and Economic Development for its review and subsequent publication of the handbook, and the Economic Development Association of Minnesota for its review of the handbook. We hope this guide will help you in your own economic development endeavors. Now go out there and create jobs and develop that tax base!

Sincerely,

Craig A. Waldron,
City Administrator, ICMA-CM
City of Oakdale

ACKNOWLEDGEMENTS

The Minnesota Economic Development Foundation would like to thank and acknowledge the efforts of Mary Ippel of Briggs and Morgan and the City of Oakdale staff on the writing and compiling of the information contained in this document.



www.ci.oakdale.mn.us



www.briggs.com

NOTICE

The Minnesota Economic Development Foundation, the Minnesota Department of Employment and Economic Development, the Economic Development Association of Minnesota, and the authors and editors of this publication have used their best efforts in preparing this publication, and they make no representations or warranties with respect to the accuracy or completeness of the contents of this publication and specifically disclaim any implied warranties of merchantability or fitness for a particular purpose. The advice and strategies contained herein may not be suitable for your situation. Any interpretations and opinions are not intended to reflect any position of the Minnesota Economic Development Foundation, the Minnesota Department of Employment and Economic Development, the Economic Development Association of Minnesota, or the law firms, branches of government, or organizations with which the authors and editors are associated, unless they have been specifically adopted by such organizations. If legal advice or other professional assistance is required, the services of a competent professional person should be sought.

INTRODUCTION TO LOCAL ECONOMIC DEVELOPMENT ORGANIZATIONS

There are several types of organizational structures available for community economic development programs. The type of organization that a community decides to establish is dependent on the special activities that are targeted. In some communities, business development and job creation are the primary goals, while others have housing development as a priority. Many communities have existing community economic development groups. There are several different kinds of organizations available that focus on economic growth. The type of growth that a community wishes to achieve will dictate what type of group will be formed. In addition, the purpose and creation of the organization will impact the statutory powers available to the entity. Each of these organizations may focus on different issues such as housing development, creation of jobs, and business development. The majority of community groups focus on economic growth opposed to housing growth.

Outlined below is a brief description of each type of development organization.

Business Organizations

Commercial Club: Usually an incorporated 501(c)(4) or (6) organization whose purpose is to promote community and retail events. This group is usually made up of local retail owners and owners of local businesses. This is an unpaid organization consisting of volunteers and has no staff.

Chamber of Commerce: A chamber is an incorporated non-profit 501(c)(4) or (6) that is generally affiliated with the state and national chamber of commerce. The chamber consists of local business professionals of the community who meet together to promote local businesses and the community. Generally, they have an elected board with limited staff. Larger chambers often deal with tourism and overall business development of the community. They sometimes are politically active and can be a powerful lobbying force when dealing with policy that affects the community's economic strategy. Chambers are generally active and can hold educational and other events for local businesses.

Development Corporations

For-Profit: A corporation formed to develop and sell industrial land and/or provide financing for business development within the community. Local investors can buy shares that can be paid in dividends from profits made on projects. Money invested in corporations can be repaid to the stockholders. The board is made up of shareholders and may or may not have staff. The corporation is subject to federal and state income tax.

Non-Profit: A corporation formed to develop and sell industrial land and/or provide financing for business development in the community. Shares are sold or funds may be raised in other ways. No dividends are paid on shares. The non-profit corporation must obtain either 501(c)(3) or 501(c)(4) status from the IRS. Donations made to a 501(c)(3) by both individuals and

businesses are tax deductible. Obtaining 501(c)(3) status can be difficult, expensive and time-consuming and many communities are not willing to go through the lengthy process. Although 501(c)(4) status is less difficult to obtain than 501(c)(3) status, only a business may make contributions that are tax deductible, individual contributions are not eligible for the tax deduction. Also, organizations with 501(c)(3) are prohibited from directly or indirectly participating in, or intervening in, any political campaign on behalf of or against any candidate for elective public office.

Government Organizations

Economic Development Commission: A board used to advise a City Council, appointed by the Mayor and/or City Council. It has limited or no decision making authority and is used as a sounding board or a first point of contact for the City Council on development projects. The commission is used to draft strategies and policies for ratification and implementation of local plans on a volunteer basis.

Housing Redevelopment Authority (HRA): An HRA is a public corporation with power to undertake certain types of housing and redevelopment or renewal activities. While state legislation conveys authority for housing and redevelopment in each City, it is up to the City Council to formally establish an HRA before it can do business and use its powers. Once a council legally establishes an HRA, it may undertake certain types of planning and community development activities on its own with council approval.

Port Authority: This is a legal entity created by the State Legislature to promote the general welfare of a City's port district, increase the volume of commerce in the port and provide facilities for handling, storage and shipment of freight. The Port Authority actively develops commerce within the City and can enable business location and expansion. The powers of a Port Authority are more expansive than those of an HRA or an EDA. The State Legislature authorizes the creation of Port Authorities. A Port Authority is a separate political entity with the right to sue and be sued in its own name and is generally organized to increase commerce in a City. Unlike EDAs and HRAs, a Port Authority may issue general obligation bonds without holding an election.

Joint Powers Board: This is a board created by multiple Cities, Townships or Counties for a certain purpose, such as economic development. The agreement between the units of government would specifically describe activities and powers that the board exercises in carrying out its duties.

Economic Development Authority (EDA): An EDA is a legal entity created by a City or a County to facilitate a well-rounded development program by taking advantage of some of the port authority powers and all of the HRA powers. By combining and utilizing HRA, EDA and City powers, community leaders are able to create flexible business assistance and development programs. EDAs for example, are allowed, to buy and sell property; make loans and grants to businesses; provide guarantees or other credit enhancements; and to sell bonds.

All Cities have authority from the State Legislature to create an EDA. The City may consolidate the EDA with an existing HRA or the City may establish the EDA as a separate entity. The City

Council may create an EDA by passing an enabling resolution. Before adopting the enabling resolution, the City must first conduct a public hearing. The enabling resolution establishes a Board of Commissioners for the EDA. The City Council can choose to serve as the EDA Board of Commissioners or create a board composed of council members and community members. The Mayor, with approval of the Council, appoints the Commissioners. The Board may consist of three, five or seven members who serve six-year terms. The Board is subject to the open meeting law.

Rural Development Finance Authority (RFDA). A nonprofit corporation established by a County or group of Counties through special legislation. RFDAs are designed to facilitate the production and processing of agricultural products and promote jobs in agriculture and natural resources industries. The board is appointed by the County Board of Commissioners.

Note: Please see appendix for a table comparing selected development laws.

FORMATION AND OPERATION OF AN ECONOMIC DEVELOPMENT AUTHORITY

Reasons for Forming an EDA

The Minnesota Legislature granted Cities the power to create economic development authorities in 1987. By giving Cities this ability they can promote economic growth. EDAs were created to work in conjunction with and to facilitate other economic development organizations such as Port Authorities and Housing Redevelopment Authorities (HRA). This allows Cities to create a better approach to economic development allowing them to create flexible business assistance and development programs.

In addition to HRA powers, EDAs were authorized to exercise the powers of Cities in connection with City development districts and the powers of municipalities or development agencies in connection with municipal industrial development. By consolidating the powers of economic and housing development into one body, City officials are not only able to focus development on blighted areas but, also create programs that will prevent blight from occurring elsewhere within the community.

The primary powers of an EDA:

- Serve to promote business and to recruit new businesses
- Issue revenue bonds.
- Acquiring property.
- Purchase and sell land.
- Serve as a limited partner.
- Make or guarantee or other credit enhancements.
- Issue general obligation bonds (approved by election).

Procedures for Establishing an EDA

In order for a City to create an EDA the City Council must adopt a written resolution called an enabling resolution. A County can also create an EDA. This handbook describes the process for Cities to establish an EDA. Through the enabling resolution EDA's are granted all of the powers described in Minnesota Statutes, 469.090-1082, subject to any limitation on those powers as specified by the City. EDA's are also granted the powers given to HRAs in the HRA law, powers almost identical to Port Authorities under the Port Authority Law and all of the development powers granted to a City under the municipal development district law and the industrial development act.

Before adopting an enabling resolution the City Council must hold a public hearing and it must determine the number of Board Members to be on the EDA. The notice of the public hearing must identify the place and time of the hearing, brief statement of the purpose of the hearing, and the notice must contain a summary of the resolution. The notice of public hearing must be published in newspaper of general circulation once a week for two consecutive weeks prior to

the meeting. The first publication must appear not more than 30 days from the date of the public hearing.

Without limiting the right of the EDA to petition the City Council at any time, each year, within 60 days of the anniversary date of the first adoption of the enabling resolution, the EDA shall submit to the City Council a report stating whether and how the enabling resolution should be modified. Within 30 days of receiving the recommendation, the City Council shall review the enabling resolution, consider the recommendation of the EDA, and make any modification it considers appropriate (Minn. Stat. § 469.092, Subd. 3).

All modifications to the enabling resolution must be by written resolution and must be adopted after notice is given and a public hearing conducted as required for the original adoption of the enabling resolution (Minn. Stat. § 469.093, Subd. 2).

An EDA is a public body corporate and politic as well as a political subdivision of the State of Minnesota with the right to sue or be sued in its own name. An EDA carries out an essential governmental function when it exercises its powers, but is not immune from liability because of this. (Minn. Stat. § 469.091, Subd. 2)

Enabling Resolution, Bylaws, Transfer Resolution and Ordinance Checklist

_____ Board Size (Optional)

- _____ 3 – Minimum of 1 City Council member
- _____ 5 – Minimum of 2 City Council members
- _____ 7 – Minimum of 2 City Council members

_____ Officers/Staff Powers and Duties

- | | |
|-----------------------------|---------------------------------|
| _____ - President | _____ - Executive Director |
| _____ - Vice President | _____ - Engineers |
| _____ - Treasurer | _____ - Technical/Support Staff |
| _____ - Assistant Treasurer | _____ - Secretary |

_____ Procedures

- | | |
|---|---|
| _____ - Board Compensation | _____ - Quorum |
| _____ - Budget | _____ - Treasurer's Bond |
| _____ - Fiscal Year | _____ - Reports/Financials/Audits |
| _____ - Corporate Seal | _____ - Professional/Technical Services |
| _____ - Annual/Monthly/Special Meetings | _____ - Amendments to By-Laws |
| _____ - Depositories | _____ - Conflict of Interest |

_____ Committee Structure (optional)

- | | |
|-----------------------------|--|
| _____ - Local Publicity | _____ - Business Retention and Expansion |
| _____ - Planning and Zoning | _____ - Marketing |
| _____ - Sites and Buildings | _____ - Advisory |

_____ Transfer of Authority and Programs

_____ Economic Development Powers

- | | |
|--|---------------------------------|
| _____ - Economic Development Districts | _____ - Redevelopment Districts |
| _____ - Acquisition of Property | _____ - Options |
| _____ - Eminent Domain | _____ - Contracts |
| _____ - Limited Partnerships | _____ - Rights and Easements |
| _____ - Acceptance of Public Land | _____ - Foreign Trade Zone |
| _____ - Public Facilities | _____ - Government Agent |
| _____ - Studies/Analysis/Research | _____ - Public Relations |
| _____ - Loans | _____ - Use of Proceeds |
| _____ - Mined Underground Space | _____ - Levy of Taxes |
| _____ - Advances | _____ - Issuance of Bonds |

_____ Housing and Redevelopment Powers

- | | |
|--|---------------------------------------|
| _____ - Acquisition of Open Land | _____ - Acquisition of Unused Land |
| _____ - Sale of Real/Personal Property | _____ - Studies |
| _____ - Comprehensive Plans | _____ - Inventory of Land/Buildings |
| _____ - Joint Powers Agreements | _____ - Parking Facilities |
| _____ - Bonding Authority | _____ - Special Benefit Tax |
| _____ - Property Tax Exemption | _____ - Borrowing/Acceptance of Funds |
| _____ - Rehabilitation Loan/Grants | _____ - Interest Reduction Program |

_____ Limitations on Powers

- | | |
|-----------------------------------|--|
| _____ - Limitations on All Powers | _____ - Limitations on Individual Powers |
|-----------------------------------|--|

Board of Commissioners of EDA

Board Size

The City Council must determine the size and makeup of a Board of Commissioners. The City Council may serve as the Board of Commissioners or it can create a board that includes members of the community.

The Board shall be appointed as follows:

- A. Three-member EDA: the Commissioners constituting a three-member EDA, one of whom must be a member of the City Council, shall be appointed by the Mayor with the approval of the City Council. Those initially appointed shall be appointed for terms of two, four, and six years, respectively. Thereafter all Commissioners shall be appointed for six-year terms.
- B. Five-member EDA: the Commissioners constituting a five-member EDA, two of whom must be members of the City Council, shall be appointed by the Mayor with the approval of the City Council. Those initially appointed shall be appointed for terms of two, three, four, five and six years respectively. Thereafter all Commissioners shall be appointed for six-year terms.
- C. Seven-member EDA: the Commissioners constituting a seven-member EDA, two of whom must be members of the City Council, shall be appointed by the Mayor with the approval of the City Council. Those initially appointed shall be appointed for terms of one, two, three, four, and five years respectively and two members for six years. Thereafter all Commissioners shall be appointed for six-year terms.

An EDA may be increased from three to five or seven members or from five to seven members by a resolution adopted by the City Council following the procedures provided for modifying the enabling resolution.

Cause for Removal

A Commissioner may be removed by the City Council for inefficiency, neglect of duty, or misconduct in office. A Commissioner shall be removed only after a hearing. A copy of the charges must be given to the Commissioner at least ten days before the hearing. The Commissioner must be given an opportunity to be heard in person or by counsel at the hearing. When written charges have been submitted against a Commissioner, the City Council may temporarily suspend the Commissioner. If the City Council finds that those charges have not been substantiated, the Commissioner shall be immediately reinstated. If a Commissioner is removed, a record of the proceedings, together with the charges and findings, shall be filed in the office of the City clerk.

Vacancy

A vacancy is created in the membership of an EDA when a City Council member of the EDA ends council membership. A vacancy for this or another reason must be filled for the balance of the unexpired term, in the manner in which the original appointment was made. The City Council may set the term of the commissioners who are members of the City Council to coincide with their term of office as members of the City Council.

Committees

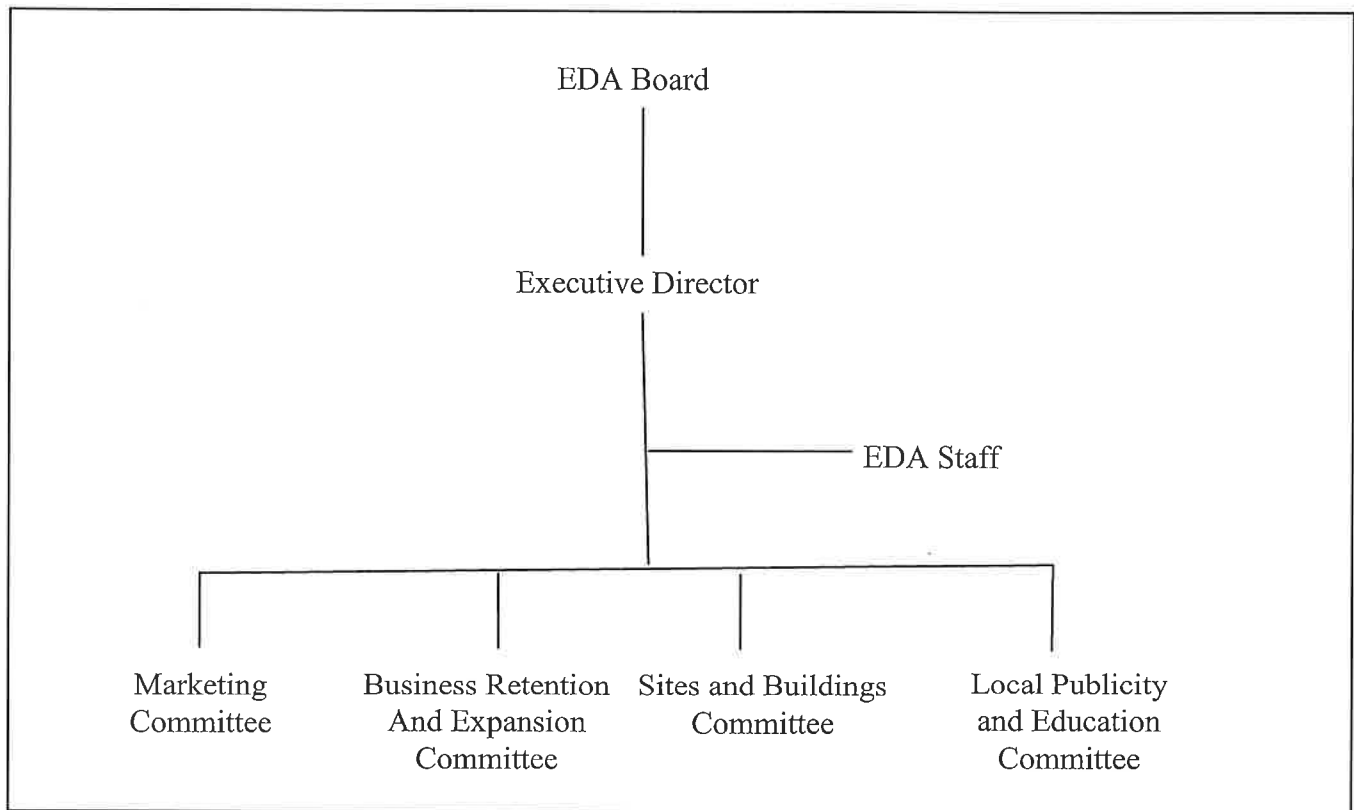
The EDA Board of Commissioners is responsible for the decision making process for the EDA, many Cities have found it helpful to develop a committee structure to assist in reaching the economic development goals of the community on or ongoing or ad hoc depending on upon the workload and particular issues that may arise. Possible committees could include:

Local Publicity and Education Committee

Sites and Buildings Committee

Business Retention and Expansion (BRE)

Marketing Committee



Officers, Duties and Organizational Issues

The EDA must adopt bylaws, rules of procedure and an official seal. In the appendix is an example of organizational bylaws.

Officers

An EDA shall elect a president, a vice-president, a treasurer, a secretary and an assistant treasurer. The Authority shall elect the president, treasurer, and secretary annually. A Commissioner must not serve as president and vice-president at the same time. The other offices may be held by the same Commissioner. The offices of secretary and assistant treasurer need not be held by a Commissioner. At a minimum, there must be three officers on the board. (Minn. Stat. § 469.096).

Duties and Powers of Officers

The president and vice-president have the usual duties and powers of their offices. They may be given other duties and powers by the EDA.

The treasurer is responsible for receiving, disbursing and monitoring all funds of the EDA. When disbursing funds, the transaction must be by check only. The treasurer must also keep an account

of the source of all receipts, as well as the nature, purpose and authority of all expenditures. The treasurer is responsible for filing a detailed financial statement with the secretary at least once a year at times set by the EDA. Quarterly reports may also be filed. The treasurer is also responsible for the acts of the assistant treasurer. The assistant treasurer has the powers and duties if the treasurer is absent or disabled. (Minn. Stat. § 469.096, Subd. 4).

The EDA must obtain a treasurer's bond conditioned for the faithful discharge of official duties. The bond must be approved as a form and surety by the EDA and filed with the secretary. The bond must be for twice the amount of money likely to be on hand at one time, as determined at least annually by the EDA provided that the bond may not exceed \$300,000 (Minn. Stat. § 469.096, Subd. 6)

The EDA may choose to have the secretary and the assistant treasurer position filled by a non-board member (Minn. Stat., § 469.096, Subd. 2).

Public Money

EDA money is public money.

Checks

An EDA check must be signed by the treasurer and one other officer named by the EDA in a resolution. The check must state the name of the payee and the nature of the claim that the check is issued for.

Financial Statement

The EDA's detailed financial statement must show all receipts and disbursements, their nature, the money on hand, the purposes to which the money on hand is to be applied, the EDA's credits and assets, and its outstanding liabilities in a form required for the City's financial statements. The EDA shall examine the statement together with the treasurer's vouchers. If the EDA finds that the statement and vouchers are correct, it shall approve them by resolution and enter the resolution in its records. (Minn. Stat. § 469.051).

Compensation and Reimbursement

A Commissioner, including the president, shall be paid for attending each regular or special meetings in an amount to be determined by the City Council. (Minn. Stat., § 469.095, Subd. 4). In addition to receiving pay for meetings, the Commissioners may be reimbursed for actual expenses incurred in doing official business of the EDA. All money paid for compensation or reimbursement must be paid out of the EDA's budget.

Conflict of Interest

A Commissioner or employee of an EDA shall not acquire any financial interest, direct or indirect, in any project or in any property included or planned to be included in any project sponsored by the EDA. EDA Commissioners or employees may not have any financial interest,

direct or indirect, in any contract or proposed contract for materials or services to be furnished or used in connection with any project (Minn. Stat., § 469.098).

The following is a list of exceptions when an EDA may contract for goods or services with a Commissioner or officer of the EDA who has a financial interest in a project. Approval of this action must be passed by a unanimous vote of the EDA with the affected Commissioner abstaining from the vote on the resolution (Minn. Stat., § 471.88).

1. When an officer or Commissioner is employed by a bank or savings association that serves as the EDAs depository or as a source of borrowing, and that Commissioner has an interest either direct or indirect, no restrictions apply. However, if a Commissioner or officer does have a direct or indirect interest as a director or an employee of the bank or savings association, he or she must make that disclosure and enter it into the minutes of the EDA. This disclosure serves as notice of the Commissioner's interest and does not need to be made on future transactions with that designated financial institution.
2. When a Commissioner of the EDA is employed by a bank that is engaged in making loans or performing trust services involving real or personal property affected by any plan of the EDA, there is no restriction that applies to the loans made or trust services performed by the Commissioner's bank if he or she discloses the nature of the loans or trust services of which the Commissioner has personal knowledge. This disclosure must be entered in the minutes of the EDA.
3. If the EDA has designated an official newspaper, or publication where it publishes its public notices and minutes, and a Commissioner has an interest in the paper.
4. If the EDA enters into a contract with a cooperative association where a Commissioner is a shareholder or stockholder, but not an officer or manager.
5. A contract for which competitive bids are not required by law and where the amount does not exceed \$5,000.
6. Contracts for goods or services when consideration does not exceed \$5,000 in any year and the sealed bid process is used and the contracting governmental unit has a population of less than 1,000.
7. When an EDA Commissioner is engaged in or employed by a firm that is in the business of importing or exporting or general trade, the EDA may enter into business transactions with the Commissioner or the Commissioner's employer provided that the Commissioner abstains from voting on any resolution that sets rates affecting shippers or users of an EDA-owned facility. (Minn. Stat. § 471.88)

Ethics Law

Changes made in the 1994 Ethics in Government Act not only affect state legislators but also local officials. The definition of a local official is "a person who holds elective office in a political subdivision or who is appointed to or employed in a public position in a political subdivision". Minn. Stat. § 10A.01 Subd. 22 goes on to state that local officials are those who

have the "authority to recommend, or as a member of the governing body, make major decisions regarding the expenditure or investment of public money." Based on these definitions, EDA executive directors and commission members are subject to the gift restrictions of the Ethics in Government Act.

A local official is prohibited from accepting gifts from a lobbyist or lobbyist principal including:

- Money,
- Real or personal property,
- A service,
- A loan,
- A forbearance or forgiveness of indebtedness, or
- A promise of future employment

unless the lobbyist or lobbyist principal receives consideration of equal or greater value in return.

Employees, Services, and Supplies

The EDA may employ an executive director, a chief engineer, other technical experts and agents, and other employees as it may require. The EDA must determine their duties, qualifications and compensation. Also, the EDA may contract for the services of consultants, agents, public accountants, and other persons needed to perform its duties and exercise its powers. The EDA may use the services of the City Attorney or hire a general counsel for its legal needs (Minn. Stat. § 469.097). (See appendix for sample job description).

The EDA may utilize the City/County's purchasing department in connection with construction work and to purchase equipment, supplies and materials. The City/County may furnish offices, structures and space, stenographic, clerical, engineering and other assistance to the EDA in order for it to perform its duties and to carry out its powers.

The EDA may also delegate to one or more of its agents or employees powers or duties it may deem proper.

Depositories

Every two years the EDA shall name a national or state bank(s) within Minnesota as depositories for its funds. Before acting as a depository, the bank must give the EDA a bond approved as to form and surety by the EDA. The bond must state the conditions for the safekeeping and the prompt repayment of deposits. The amount of the bond must be at least equal to the maximum amount expected to be deposited at any one time. An EDA may deposit all its money from any one source in one bank account.

When the EDA funds are deposited by the treasurer in a bonded depository, the treasurer and the surety on the treasurer's official bond are exempt from liability for the loss of the deposits because of the failure, bankruptcy or other act or default of the depository bank. However, an EDA may accept assignments of collateral from the depository bank to secure the deposits just as assignments of collateral are permitted by law to secure deposit of the EDA's City (Minn. Stat. § 469.099)

Budget, Fiscal Year, Taxes, Audits and Reports

The fiscal year of the EDA must be the same as that of its governing City. It must annually submit its budget to the City in a time frame that matches the City's normal budget cycle. This budget must include a detailed written estimate of the amount of money that the EDA expects to need from the City during the next fiscal year.

There are many ways in which EDA's budgets are established. EDAs have the ability to receive funding from virtually any source, public and private, and including the general funds of the underlying City. In addition, EDAs utilize administrative fees from loan or grant agreements, guarantees or other credit enhancements or contributions from local businesses or organizations.

The most common practice is a direct general fund appropriation to the EDA out of the City general fund. The EDA is required to send its budget to the City Council with an estimate of funding requirements for the next fiscal year, and it is through this procedure that a City may give money from the City's general funds for the EDA to use. There is no limit to the amount of funding that can be provided to an EDA through this mechanism.

One of the fringe benefits of City general fund monies lies in the fact that their use may not be as restricted as monies from other funding sources. This enables an EDA to use them for virtually any economic development purpose, as long as appropriate findings are made and safeguards imposed to demonstrate the use will promote economic development in the City. Such uses include write downs, grants or loans, working-capital loans and the purchase of limited partnership interests. For example, an EDA received funding using dollars remaining in a City's bond fund after all bonds were retired, and used these dollars to capitalize a revolving loan fund.

In addition to the annual budget, the EDA must submit a detailed annual report to the City Council outlining its activities, receipts and expenditures during the preceding calendar year. The report may also include other matters and recommendations that the EDA deems advisable for the economic development of the City.

On an annual basis the financial statements of the EDA must be prepared, audited, filed and published or posted in the manner required for the financial statements of the City. The financial statements must permit a comparison and reconciliation with the City's accounts and financial reports. The report must be filed with the State Auditor by June 30th of each year. The auditor will review the report and may accept it or audit the books of the EDA for cause (Minn. Stat. § 469.100).

City Levy of Taxes for EDA Activities

The City may, at the request of the EDA, levy a tax in any year for the benefit of the EDA in an amount not more than 0.01813 percent of taxable market value. The amount levied must be paid by the City treasurer to the treasurer of the EDA, to be spent by the EDA. A City may increase its levy for economic development authority purposes under Minnesota Statutes 469.107, Subdivision 1 in the following way. The City Council must first pass a resolution stating the proposed amount of levy increase. The City must then publish the resolution together with a notice of public hearing on the resolution for two successive weeks in its official newspaper or if none exists in a newspaper of general circulation in the City. The hearing must be held two to

four weeks after the first publication. After the hearing, the City Council may decide to take no action or may adopt a resolution authorizing the proposed increase or a lesser increase. A resolution authorizing an increase must be published in the City's official newspaper or if none exists in a newspaper of general circulation in the City. The resolution is not effective if a petition requesting a referendum on the resolution is filed with the City Clerk within 30 days of publication of the resolution. The petition must be signed by voters equaling five percent of the votes cast in the City in the last general election. The election must be held at a general or special election. Notice of the election must be given in the manner required by law. The notice must state the purpose and amount of the levy.

Levy of Taxes for HRA Activities

Subject to the approval by resolution of the governing body of the City, the EDA may levy a tax for HRA purposes upon all taxable property within that taxing district. The levy cannot not exceed an amount equal to 0.0185 percent of taxable market value, and must be spent for purposes authorized under the HRA statutes. These levies must be included in the EDAs annual budget.

Transfer of Authority

The City may by ordinance divide the economic development, housing and redevelopment powers granted under the EDA and HRA sections in Minnesota Statutes, Chapter 469 between the EDA and any other authority or commission established under statute or City charter for economic development, housing or redevelopment.

The City may, by resolution, transfer the control, authority and operation of any project or program located within the City from another governmental agency or subdivision that established the project or program to the EDA. The City may also require the EDA to accept control, authority and operation of the project or program. If a project or program is transferred to the EDA, it may exercise all of the powers that the governmental unit establishing the project or program could have exercised with respect to the project or program.

When a project or program is transferred to the EDA, the EDA must pledge in writing to perform the terms, conditions and covenants of the bond indenture or other agreements executed for the security of any bonds that were issued by the governmental subdivision that initiated the project or program. The EDA may exercise all of the powers necessary to perform the terms, conditions and contracts of any indenture or other agreements executed for the security of the bonds and will become obligated for the bonds when the project or program is transferred.

If the City transfers a housing project or a housing development project to the EDA, the City must transfer all housing development and management powers relating to that specific project or program.

Transfer of Personnel

The City may also by resolution place any employees of the HRA under the direction, supervision or control of the EDA. The transfer of employees does not affect the employee rights

existing under a collective bargaining agreement or fringe benefit plan. Upon transfer, the employees will become employees of the EDA.

POWERS OF EDAS

General Powers and Purposes

The primary benefit of an EDA rests in its ability to easily and flexibly accomplish a wide range of development and redevelopment objectives. An EDA is granted a remarkably full complement of development powers. These include (subject to any limitation in the enabling resolution) the powers enumerated by its enabling legislation, but also those powers granted by cross-reference to housing and redevelopment authorities (HRAs), to Cities in connection with projects and development districts, of municipalities and redevelopment agencies in connection with Municipal Industrial Development. These development powers allow an EDA great latitude, flexibility and efficiency in pursuing economic development objectives.

The purposes to which EDAs may direct their powers are not entirely clear in the statutes. They appear to include making land suitable and available for economic development and to encourage the location or expansion of economic development facilities. Also, through incorporating the purposes of HRAs, EDAs also can provide adequate housing in addition to clearing and developing blighted areas. And by incorporating the broad purposes of Municipal Industrial Development, EDAs may actively promote, attract and encourage the development of economically sound industry and commerce for the purpose of preventing the emergence of blighted and marginal lands and areas of chronic unemployment.

Usually, an EDA must adopt or reference a broader plan to exercise its powers. Certain EDA powers can only be exercised within the boundaries of an "Economic Development District; certain HRA powers must be exercised within the boundaries of a "Redevelopment Project," and certain municipal powers must be exercised within a "Municipal Development District."

Certain EDA Powers must be exercised only within the boundaries of an "Economic Development District." The EDA may create and define the boundaries of economic development districts at any place or places within the City, except the district boundaries must be contiguous. An EDA must hold a public hearing on the establishment and at least 10 days before the hearing the EDA shall publish notice of the hearing in a daily newspaper of general circulation in the City. The EDA must find that an economic development district is proper and desirable to establish and develop within the City.

Redevelopment Project

When the EDA exercises many of the powers of an HRA, such powers must be used within the boundaries of a Redevelopment Project established under the HRA law.

When establishing a Redevelopment Project, the EDA must develop a redevelopment plan which provides an outline for the development or redevelopment of the area. The EDA must obtain the written opinion of the City's planning agency if there is one.

The City Council must approve or disapprove the plan within 30 days after holding a public hearing on the Redevelopment Project. The council must make the following findings in connection with its approval:

1. The land in the project area would not be made available for redevelopment without the financial aid to be sought from the EDA.
2. The redevelopment plans for the redevelopment areas in the locality will afford maximum opportunity consistent with needs of the locality as a whole for the redevelopment of the areas by private enterprise.
3. The redevelopment plan conforms to the general comprehensive plan for the development of the locality as a whole. (Minn. Stat. § 469.028).

Municipal Development District

When the EDA exercises certain powers of cities identified in the City Development District law (Minn. Stat. §§ 469.124-469.143), they must be used within the boundaries of a Municipal Development District. A development district may be designated anywhere within the boundaries of a City and the City must adopt a Development Program for the development district, which is a statement of objections for the development district and contain the information set forth in Minn. Stat. § 469.125, Subd. 3. The City may develop a program for improving the district to provide the impetus for commercial development, increase employment, protect pedestrians, provide open space relief and other actions which are in the public purpose. Prior to designation, the City must consult with its planning agency or department, publish notice, and hold a public hearing.

Specific Powers

Because EDAs derive powers both directly from EDA law and indirectly by cross reference with other development statutes, there is often considerable overlap in the statutes which can be cited as authority for a given power.

For example, the power to acquire and develop property under the EDA Law must be exercised within the boundaries of an "economic development district." Since the definition of an economic development district is very restrictive, the EDA power to acquire land cannot be exercised in many circumstances. However, the comparable HRA power to acquire and develop property is far more general and can be exercised in a broad range of development circumstances. By picking and choosing the particular statutory authority best suited to a given proposed action, an EDA can usually carry out its purposes with a minimum of inconvenience.

Many of the powers of an EDA are listed below, including powers derived from EDA, HRA and municipal authorities. When considering the exercise of any specific power cited, you should always review the available legislation and consult with your legal and development advisors.

Acquisition of Property

An EDA may acquire the necessary rights, titles or interest in property through purchase, lease or gift. While the property is owned by the EDA and used for governmental purposes, the property is exempt from taxation by the state or its political subdivisions. However, once the EDA sells or leases the property for use by a non-governmental body, it becomes subject to taxation.

Options

The EDA may sign options to purchase, sell or lease property. This power may be used to set aside a particular building or site for future development purposes.

Eminent Domain

An EDA may exercise the right of eminent domain under Chapter 117 or under its City's charter to acquire property by condemnation. If the property is owned by the City for public use, the City must approve the taking. Also, the EDA may take possession of the property after it files a petition in condemnation proceedings describing the property -- a practice sometimes referred to as a "quick take" proceeding.

Loans

An EDA may make loans to businesses to carry out the purposes outlined in the EDA Law (Minn. Stat. § 469.192).

Contracts

The EDA may enter into contracts with both governmental and non-governmental entities for the purpose of economic development, including the purchase or sale of real and personal property. An EDA may not incur an obligation or expense under the HRA Law, unless it has an existing appropriation, or can identify reasonably expected revenues sufficient to discharge the obligation or pay the expense. Independent authority is found in the EDA Law for the EDA to guarantee loans, as more fully discussed under the "Advances" power described later in this handbook.

Limited Partnership

An EDA may be a limited partner in a partnership whose purpose is consistent with the EDA's purpose.

If a City is participating in a project as a limited partner, it may wish to stipulate in the equity agreement a limit on its current and future liability. This stipulation will serve as a safeguard for the City if legal action is brought against the firm as a result of its operation or inequities in its services or products.

Rights and Easements

The EDA may acquire rights and easements for development of an economic development district. It may be necessary for an EDA to utilize these powers when extending public infrastructure to a project area.

Acceptance of Public Land and Property

The EDA may accept land, money, or assistance, either by gift, loan or otherwise, in any form from the federal or state government, or its agencies, or a local subdivision of the state government to carry out its economic development activities.

An EDA may accept conveyances of land from all other public agencies, commissions, or other units of government, if the land can be properly used by the EDA in an economic development district.

Foreign Trade Zone

Minnesota Statute 469.101, Subdivision 11 authorizes EDAs to operate and manage Foreign Trade Zones. Foreign or "Free" Trade Zones (FTZ) were established to facilitate international trade by serving as "safe havens" and can increase a company's cash flow by reducing costs associated with import restrictions and duties. FTZs can be warehouses, storage tanks or fenced-in areas near harbors, airports or industrial parks. Foreign and domestic goods are brought into a zone where they can be stored, sold, exhibited, broken up, repacked, assembled, distributed, sorted, graded, cleaned and mixed with foreign and domestic products or used in a manufacturing process.

There are two types of foreign trade zones. General zones are located at or adjacent to a U.S. Customs Port of Entry (i.e. Minneapolis-St. Paul International Airport or Duluth Port) and subzones which are technically part of the general zone but are physically removed from it. General zones typically have multiple users occupying a facility or warehouse site, while "subzones" are special-purpose facilities operated by individual firms that cannot be accommodated within a general zone and are engaged in large-scale manufacturing. The major goods being produced in subzones are automobiles, trucks, motorcycles, tractors, women's garments, and refined oil.

Although a zone is operated as a public utility and can be managed by either a public or private corporation, it is treated as foreign territory and considered to be in foreign commerce, therefore providing benefit to the users. The usual formal Customs entry procedure and payment of duties is not required on the foreign merchandise unless and until it enters Customs territory for domestic consumption, in which case the importer ordinarily has a choice of paying duties either on the original foreign material or the finished product. In addition, quota restrictions do not normally apply to foreign goods stored in zones. Domestic goods moved into a zone for export may be considered exported upon entering the zone for purposes of excise tax rebates and drawback. In some cases companies can avoid both import duties on an item and state and local ad valorem taxes when goods are exported from the zone. In most cases, Federal taxes and excise taxes can be deferred on the goods until they enter the U.S. marketplace.

Public Facilities

The EDA may operate and maintain a public parking facility or other public facility to promote development or prevent the emergence of slum and blight. Frequently, these powers are exercised in cooperation with other units of government, including Cities, counties and school districts. Projects may include City halls, fire stations, libraries, community centers, administration buildings, and many others.

For example a City may want a community center for its residents. In order for the project to occur, the EDA sells revenue bonds, constructs the community center, and leases the community center to the City. The lease is paid by an annual appropriation from the City's general fund to

the EDA, and the EDA uses the lease payments to pay the principal and interest due on the revenue bonds. When the revenue bonds are retired, title to the new community center will be transferred to the City.

Government Agent

An EDA may cooperate with or act as an agent for the federal or state government, a state public body, an agency or instrument of a government, or a public body to carry out its mission.

Studies, Analysis, Research

An EDA may study and analyze economic development needs in the City, and ways to meet those needs. An EDA may study the desirable patterns for land use for economic development and community growth and other factors affecting local economic development in the City. It may make the results of the studies available to the public and to business/industry in general. An EDA may engage in research and disseminate information on economic development within the City.

Public Relations

To further its economic development efforts, an EDA may join an official, industrial, commercial, or trade association, or other organization. It may also have a reception of officials who may contribute to advancing the City and its economic development activities. It may also carry out other public relations activities as it deems appropriate in fulfilling its efforts to promote the City and its economic development projects (Minn. Stat. § 469.101, Subd. 16).

Joint Powers Agreements

Any two or more EDAs using HRA powers or together with an HRA may join with one another to exercise, either jointly or otherwise, any or all of their powers. This joint powers agreement may be used for the purpose of financing, including the issuance of bonds and giving security, planning, undertaking, owning, constructing, operating, or contracting a housing project located within the area of operation of any one or more of the EDAs or HRAs. The EDA may, by resolution, authorize any other housing authority or EDA utilizing HRA powers to act on its behalf with respect to any or all powers, as its agent or otherwise.

An EDA may by resolution authorize another housing authority to exercise its powers within the authorizing EDAs area of operation at the same time that the authorizing authority is exercising the same powers.

Tax Increment Financing

There are many benefits afforded to a City by utilizing Tax Increment Financing (TIF) to facilitate economic development. Some of these are: the City can realize new development, which would not otherwise occur without the use of TIF; the City may realize broader economic gains of new development in terms of employment, tax base enhancement and secondary spin-off effects; the City can facilitate the construction of related public improvements it wishes to achieve by coordinating a TIF project with more general public improvement projects; the City

may have better control over the nature of the development; the City may be able to fund administrative and/or community development costs with revenue from the TIF district and; in some cases, the qualifying of new development is enhanced by the TIF financing.

An EDA may act as an Authority for the purposes of creating and administering tax increment financing districts and plans. These powers must be exercised within a Redevelopment Project, when acting under HRA powers, or within a Municipal Development District when exercising City powers. In general, an EDA must receive approval from the City Council prior to adoption of a Tax Increment Financing plan, and comply in all respects with the requirements of Minnesota Statutes 469.174 - 469.179.

There are several types of TIF districts allowed by statute. The following is a brief description of each.

Redevelopment District:

- Generally a blighted area containing substandard buildings.
- Requires documentation to evaluate occupied land area and analysis of substandard buildings.
- Maximum duration of TIF district is 25 years from receipt of the first increment.

Renewal and Renovation District:

- Blight and obsolescence tests must be met.
- Maximum duration of TIF district is 15 years from receipt of the first tax increment.

Housing District

- Provides housing opportunities for persons and families of low and moderate income.
- Maximum duration of TIF district is 25 years from receipt of the first tax increment.

Soils Condition District:

- Provides for the removal or remediation of hazardous substances or contaminants as specified in a development action response plan.
- Such costs must exceed (a) the fair market value of the land before completion of the preparation or (b) \$2 per square foot of the area of each parcel.
- Maximum duration of the TIF district is 20 years from receipt of the first tax increment.

Economic Development District:

- May be used only for manufacturing, production, processing, warehousing, storage, distribution (excluding retail sales), research and development, telemarketing, certain tourism and border City retail facilities and uses are directly related to or in support of such qualifying activities. Prohibits establishment if more than 15 percent of the square footage of such facilities are used for other purposes.

- Must demonstrate retention of local businesses, increased employment or preservation or enhancement of the state tax base, etc.
- Maximum duration of TIF district is 8 years from receipt of the first tax increment.
- May be used for commercial facilities not exceeding 15,000 square feet in Cities with populations of 5,000 or less located at least 10 miles outside of a City with a population of 10,000 or more. Other than administrative expenses, all increments must be spent within the TIF district.
- Expanded Rules for any type of development if construction commences by July 1, 2011 and certification of district is requested by June 30, 2011.

Compact Development District:

- May be used to redevelop property where 70 percent of the parcel is industrial or utility property.
- The project must result in an increase of square footage of industrial or utility property by three times or more over its current level.
- Must be approved before June 30, 2012.

In order to establish a TIF district, a specific process must be followed including the following:

1. A Development Program or Redevelopment Plan (depending on statutory authority used) must be prepared. This sets forth the general goals for the development or redevelopment project area.
2. A Tax Increment Financing Plan must be prepared. This sets forth the specific project(s) to be undertaken, costs involved, and revenues projected, and is the guiding document for the proposed project.
3. A public hearing on the TIF Plan and district must be conducted. Notification of the public hearing must be published 10-30 days prior to the hearing.
4. A TIF district "fiscal and economic impact" letter must be received by the County and school district at least 30 days prior to the public hearing.
5. The City planning commission must review the TIF Plan and Development Program prior to City approval.
6. At the public hearing, all interested parties are invited to express their opinion(s).
7. Subsequent to the public hearing, the City must approve or reject the TIF Plan and district.
8. Upon approval, the City must request County certification of the original value of the TIF district which will begin the tax increment collection process.
9. Actual project expenditures may not be made until the TIF Plan is adopted and the TIF district is established.

Financing and Bonding Powers

Issuing General Obligation Bonds

The EDA may issue General Obligation Bonds (GO Bonds) in anticipation of income from any source for any purpose allowed by statute. The City must, by ordinance and by two thirds vote, give specific consent to pledge the City's full faith and credit to the GO Bonds. The EDA must comply with the provisions of Minnesota Statutes § 475, the general public indebtedness statute. An election is required to issue GO Bonds backed by the City's full faith and credit.

Issuing Revenue Bonds

Revenue bonds may be issued by the EDA to fund any authorized activity of the EDA. The revenues generated by the projects to be financed and/or other revenues of the EDA may be pledged to the payment of the revenue bonds. Bonds may also be secured by a mortgage on certain EDA property. The EDA can pledge its full faith and credit and limited taxing power to the payment of revenue bonds, but it may not pledge the full faith and credit of the City.

Because the credit strength of an EDA is usually very limited, the feasibility of a revenue bond offering is highly dependent upon the project to be financed. For example, if an EDA were to issue a revenue bond to finance the construction of a building to be leased to a manufacturing firm, the interest rate and security terms of the revenue bond would depend primarily on the creditworthiness of the manufacturer. For weaker projects and tenants, issuance may not be feasible.

Advances

As noted earlier in this handbook, there is independent authority for an EDA to make a loan. An EDA may advance (loan) its general fund money or credit without interest. The advances must be repaid from the sale or lease of land. If the money advanced for the development or redevelopment project was obtained from the sale of the EDAs general obligation bonds, then the interest rate on the advances must not be lower than the average annual interest rate on the EDAs general obligation bonds that are outstanding at the time the advances are made. Advances made to acquire land and to construct facilities for recreational purposes, do not need to be reimbursed (Minn. Stat. § 469.106).

Secondary Market

An EDA may sell, at private or public sale, at the price or prices determined by the EDA, any note, mortgage, lease, sublease, lease purchase, or other instrument or obligation evidencing or securing a loan made for the purpose of economic development, job creation, redevelopment, or community revitalization by a public agency to a business, for-profit or nonprofit organization, or an individual (Minn. Stat. § 469.101, Subd. 22). An EDA operating a revolving loan fund may choose to sell a loan on the secondary market if it needs to recapitalize the loan fund in order to finance additional projects.

Borrowing in Anticipation of Bonds

After authorizing a bond issue, an EDA may borrow funds to provide money immediately required for the project, but the loan must not exceed the amount of the bonds. The EDA must approve a resolution stating the terms of the loan. The due date for the loan may not be for more than 12 months from the date of the loan origination and may be repaid with interest from the proceeds of the bonds when the bonds are issued and delivered to the bond purchasers. The loan must not be obtained from any Commissioner of the EDA or from any corporation, association, or other institution of which a Commissioner is a stockholder or officer (Minn. Stat. § 469.101, Subd. 19).

Revolving Loan Funds

Small business growth in most communities provides the greatest opportunity for new investment and job development. However, because constraints on capital markets, financial institutions may be unable or unwilling to provide a complete financing package, and many good companies end up with marginal long-term financing.

Businesses and financial institutions invest dollars in projects to make a profit and to earn a return on that investment. Unless the project offers the promise of a positive return, it is difficult to sell a prospective investor on locating or expanding a business. Stimulating investment requires impacting a business and a bank's spending decisions. An EDA can impact business spending decisions by providing an opportunity where rates of return on investment are attractive and competitive. Many EDAs do this by operating a local Revolving Loan Fund (RLF) designed to facilitate small business investment.

The typical goal of a local RLF is to leverage private sector investment by filling the capital market gap for financing long-term assets.

Most RLFs provide a cost advantage to the business to lessen their financial constraints and meet the community's goal of increasing productivity and creating new, permanent jobs. The RLF can provide lower interest payments, more flexible equity requirements, longer terms, deferred principle payments and a subordinate collateral position to the bank.

The type of businesses that are eligible for loan funds type of businesses that are eligible for loan funds will depend on the loan guidelines established by the particular EDA.

An RLF can be designed in several different ways. The most common type of RLFs structure is the direct loan to the business. Direct loans are made to the business with a separate set of loan documents and collateral to secure the loan. These loans are typically made to fill the gap in a development project.

The second type of funding structure is a loan guarantee. The EDA provides a partial guarantee to the private lender to ensure repayment of the loan and to limit the risk to the private lender. This type of activity provides several advantages to the EDA, notably, smaller capitalization requirements, increased leverage of funds, and limited administrative activity

A third type of RLF is a linked deposit program. With a linked deposit program, the EDA works with other government agencies and large non-profit institutions to place a certificate of deposit with the lending institution at below market rate. This action allows the bank to increase its liquidity of funds, gain a higher return on a riskier project and improve collateral coverage.

The most fundamental issue in the development of a revolving loan program is the development of policies and procedures for operating, marketing, financing and dealing with delinquencies and defaults. It is important to consider working with development counsel and/or financial advisors to discuss the intricacies and mechanics of a RLF program.

The source of capitalization for local loan funds varies by community. Communities are utilizing local sources through the use of excess general fund or municipal utility reserves, Tax Increment Financing reserves and partnerships with banks or utilities to capitalize local revolving loan funds.

Limitation of Powers

The City Council may place limits on the activities of the EDA in the enabling resolution. These limitations may be placed on the power to issue general obligation or revenue bonds, the power to grant or loan EDA funds, power to enter into limited partnerships, or any other specific power over which the governing body wishes to exercise control. The following is a list of specific areas where the governing body may exercise control (Minn. Stat. § 469.092):

1. that the EDA may not exercise any specified power contained in Minn. Stat. §§ 469.001 to 469.047, 469.090 to 469.108, and 469.124 to 469.134 or that the EDA must not exercise any powers without the prior approval of the City Council.
2. that, except when previously pledged by the EDA, the City Council may by resolution require the EDA to transfer any portion of the reserves generated by activities of the EDA that the City Council determines is not necessary for the successful operation of the authority to the debt service fund of the City, to be used solely to reduce tax levies for bonded indebtedness of the City;
3. that the sale of all bonds or obligations issued by the EDA be approved by the City Council before issuance;
4. that the EDA follows the budget process for City departments as provided by the City and as implemented by the City Council and Mayor;
5. that all official actions of the EDA must be consistent with the adopted comprehensive plan of the City, and any official controls implementing the comprehensive plan;
6. that the EDA submit all planned activities for influencing the action of any other governmental agency, subdivision, or body to the City Council for approval;

7. that the EDA to submit its administrative structure and management practices to the City Council for approval.
8. any other limitation or control established by the City Council by the enabling resolution.

GLOSSARY

Cash Flow: Can the business repay the loan out of operating cash flow.

Collateral: A tangible asset like land, building, inventory, machinery and equipment, etc., offered as security on a loan. Typically, the value of the offering is greater than the amount loaned.

Commercial Club: Usually an incorporated 501(c)(4) or (6) organization whose purpose is to promote community and retail events. The membership is usually made up of retail business owners or owners of businesses in the central or downtown business district.

Chamber of Commerce: A chamber is an incorporated, non-profit 501(c)(4) or (6) that is generally affiliated with the state and national chamber of commerce. The chamber consists of local business professionals of the community who meet together to promote local businesses and the community. Generally, they have an elected board with and most have limited staff. Larger chambers often deal with tourism and overall business development of the community. They sometimes are politically active and can be a powerful lobbying force when dealing with policy that affects the community's economic strategy. Chambers are generally active and can hold educational and other events for local businesses.

Development Commission: A board used to advise City Council, appointed by the Mayor and/or City Council. It has limited or no decision making authority and is used as a sounding board or a first point of contact for the City Council for development projects. The commission is used to draft strategies and policies for ratification and implementation of local plans on a volunteer basis.

Economic Development District: A type of tax increment financing district which consists of any project, or portions of a project, but which the authority finds to be in the public interest because: it will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality; or it will result in increased employment in the state; or it will result in preservation and enhancement of the tax base of the state.

Excess Increments: Tax increments that exceed the amount needed to pay the costs authorized under the tax increment financing plan. Increments are not excess increments if the TIF plan has been amended or modified to permit additional spending. The law requires that excess increments be used to prepay outstanding bonds or deposited in an escrow account for bond payments or returned to the City, County, and school district(s) in proportion to their local tax rates.

For-Profit Development Corporation: A corporation formed to develop and sell industrial land and/or provide financing for business development within the community. Local investors can buy shares that can be paid dividends for profits made on projects. Money invested in corporations can be repaid to the stockholders. The board is made up of shareholders and may or may not have staff. The corporation is subject to federal and state income tax.

Guarantee Fee: Money paid by a borrower to a government agency, company, or individual to guarantee repayment of a loan. The fee is usually a percentage of the amount of the guarantee.

Housing District: A type of tax increment financing district which consists of a project, or a portion of a project, intended for occupancy, in part, by persons or families of low and moderate income, as defined in chapter A, Title II of the National Housing Act of 1934, the National Housing Act of 1959, the United States Housing Act of 1937, as amended, Title V of the Housing Act of 1949, as amended, any other similar present or future federal, state, or municipal legislation, or the regulations promulgated under any of those acts. A project does not qualify under this subdivision if the fair market value of the improvements which are constructed for commercial use or for uses other than low and moderate income housing consists of more than 20 percent of the total fair market value of the planned improvements in the development plan or agreement. The fair market value of the improvements may be determined using the cost of construction, capitalized income, or other appropriate method of estimating market value.

Housing Redevelopment Authority: An HRA is a public corporation with power to undertake certain types of housing and redevelopment of renewal activities. While state legislation conveys authority for housing and redevelopment in each City, it is up to the City Council to formally establish an HRA before it can do business and use its powers. Once a council legally establishes an HRA, it may undertake certain types of planning and community development activities on its own with council approval

Joint Powers Board: This is a board created by two or more Cities, townships, or counties for a specific purpose, such as economic development. The agreement between the units of government would specifically describe activities and powers that the board exercises in carrying out its duties.

Limited Partnership: A form of group ownership with at least one general partner and one limited partner, the general partner has unlimited liability. Limited partners can only lose their initial investment.

Port Authority: This is a legal entity created by the State Legislature to promote the general welfare of a City's port district, increase the volume of commerce in the port and provide facilities for handling, storage and shipment of freight. The Port Authority actively develops commerce within the City and can enable business location and expansion. The powers of the Port Authority are more expansive than the HRA or EDA. Port Authorities can issue General Obligation bonds without an election.

Redevelopment District: A type of tax increment financing district consisting of a project , or portions of a project, within which the authority finds by resolution that one of the following conditions, reasonably distributed throughout the district, exists: parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance; or the property consists of vacant, used, under used, inappropriately used, or infrequently used rail yards, rail storage facilities, or excessive or vacated railroad rights-of-way.

Renewal and Renovation district: A type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one of the following conditions exist: parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or other improvements; 20 percent of the buildings are structurally substandard; and 30 percent of the other buildings require substantial renovation or clearance to remove existing conditions such as: inadequate street layout, incompatible uses or land use relationships, overcrowding of buildings on the land, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, or identified hazards to the health, safety, and general well-being of the community; and the conditions are reasonably distributed throughout the geographic area of the district.

Rural Development Finance Authority (RFDA): A non-profit corporation established by a County or group of counties through special legislation. RFDAs are designed to facilitate the production and processing of agricultural products and promote jobs in agriculture and natural resource industries. The board of directors is appointed by the County board of commissioners.

Structurally Substandard: A building that contains defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of the interior partitions, or similar factors. which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.

A building is not structurally substandard if it is in compliance with the City's building code applicable to new buildings or it could be modified to satisfy the building code at a cost of less than 15% of the cost of constructing a new structure of the same square footage and type on the site.

Tax Increment District: A district consists of the geographic area for which tax increments are collected. The development authority defines the area in the tax increment plan. A district may be contiguous or non-contiguous area within a project area.

TABLES

COMPARISON OF SELECTED DEVELOPMENT LAWS

<u>Rural Development Finance Authority</u>	<u>Municipal Industrial Development Act:</u>	<u>Housing Redevelopment Development Authorities</u>	<u>Economic Authorities</u>
Purpose: An RDFA may be established by a County or group of counties to bring about the production of agricultural products and to encourage increased employment in agriculture. A RDFA is a non-profit corporation. Governing Body: An RDFA is controlled by a Board of Directors who are either elected or appointed by the County Board. If more than one County is involved, then all counties involved must be represented on the board. The board must have a minimum of five members. All projects and activities of the RDFA must have approval of the Commissioner of the Department of Employment and Economic Development.	Purpose: The main focus of Minn. Stat. , §§ 469.152 to 469.1651 includes the following: expansion and economic growth in blighted land areas; retention of industry within the district; overall strengthening of community tax base; and the general enhancement of the economy in the district. Governing Body: Consists of the representing governmental unit--e.g. City Council/County Commissioners for Cities, County Board for counties, etc. All rights of a municipality are granted to bondholders. When beginning a project, each municipality must provide the Commissioner of the Department of Employment and Economic Development with specified information regarding the details of the contracting agreement. All projects must be approved by the state Commissioner (except County jails).	Purpose: An HRA is responsible for determining blighted land areas, and for preventing the spread of blight, including substandard building structures. A blighted area is one with buildings and areas that are detrimental to the health, safety and welfare of the community. The HRA may then provide for improvements or redevelopment of these areas through a redevelopment plan. An HRAs main area of operation is housing program development. HRAs are primarily concerned with family rehabilitation, housing redevelopment, public housing, and rent assistance. Governing Body: Approval for any project through the approval of a redevelopment plan, must be granted by the appropriate City Council. Activities are controlled by a board of commissioners. An HRA is independent of the local government. Approval of the redevelopment plan for the proposed project is needed, however, by the governmental unit in order to proceed.	Purpose: The overall purpose of an EDA is to promote economic development within a district. EDAs may exercise their own powers which are similar to port authority powers, powers of a HRA, and the powers of Cities in connection with development districts and municipal industrial development activities. Governing Body: EDA is created through an enabling resolution written and approved by City Council. EDAs have a board consisting of 3, 5, or 7 commissioners appointed by the Mayor with the approval of City Council. The board may also consist entirely of City Council members. The City Council may control the activities of the EDA by limiting its powers under the enabling resolution and through the annual approval of the EDA budget.

Rural Development Finance
Authority:
(continued)

Activities:

1. Build, obtain and operate projects designed for the production of agricultural products.
2. Perform agricultural research.
3. Seek aid from additional sources to promote employment.
4. Undertake projects authorized under the agricultural resource loan guarantee program.
5. May enter contracts and employ financial specialists for assistance.
6. Issue bonds or notes for financing purposes.

Municipal Industrial Development
Act:
(continued)

Activities

1. Build, acquire, and retain all lands, structures, and equipment relating to a project.
2. Enter into contracts with other municipalities and agencies in connection with projects.
3. Assign revenues from projects to the holders of bonds.
4. Sell property associated with projects.
5. Exempt from property taxes on nonresidential structures built for sale or rent until the building is sold or rented; maximum time is 4 years.
6. May contractually limit its ability to exercise authority, allowing a municipality to enter into a contract with bondholders.
7. Make all necessary contracts in order to secure payments of its bonds.

Housing Redevelopment
Development Authorities
(continued)

Activities:

1. May establish a redevelopment project (Minn. Stat. 469.002) for the elimination/and prevention of blighted areas.
2. Carry out projects designed to improve blighted areas.
3. Acquire real or personal property for activities related to projects.
4. May provide for the administration of a commercial building loan program to preserve small sized buildings in its district.
5. May sell real or personal property for project related purposes.
6. May sell its lands and properties to private or public parties. Sale is dependent on these parties' responsibility to continue with the redevelopment plan specified by the HRA.
7. May act as federal government agent in carrying out provisions of Municipal Housing and Redevelopment Act.
8. May exercise the powers granted to redevelopment agencies under Minn. Stat. §§ 469.152 to 469.1651.
9. Provide relocation payments and assistance in accordance with federal guidelines.

Economic Authorities
(continued)

Activities:

EDAs are granted powers within their own district, outside their development district, and, by cross-reference, the powers of HRAs, development districts in connection with the City, and agencies in connection with Municipal Industrial Development.

Powers:

1. Acquire property for creation of development district that is tax exempt.
2. Sell or lease land either by private or public means.
3. Carry out EDA law to develop and improve land within the district. The EDA may make any necessary arrangements to make land suitable for development.
4. Exercise Eminent Domain.
5. Enter into contracts for the purpose of economic development.
6. Purchase all materials needed to carry out development.
7. Engage in research to determine factors of specified development projects.
8. Act as a limited partner in contracts with additional parties.

Cross reference powers:

1. Exercise Industrial Development powers for HRA and EDA powers for industrial development activities.

Port Authorities:

Purpose:

Originally, the purpose behind port authorities was to acquire and promote development of harbors and ports. Currently, the only operating port in this regard is that of the Duluth Port Authority. The additional 25 port authorities in Minnesota exist to promote economic development, including increased commerce and acquisition of facilities within the specified port district of the City.

Governing Body:

A port authority is a governmental subdivision of the state. Direct authority is handled by a board of commissioners (usually 3-7 members) appointed by the City Council. Ports are a statutorily created municipal body.

General Port Activities:

1. Adopt plans for improvement and development of port districts.
2. Oversee the activities of privately owned port facilities.
3. Acquire and construct various facilities and charge for the use of these facilities.
4. Acquire, lease, own and operate real or personal property.
5. Sell or exchange property (real or personal) owned by the port.
6. Determine legislation to improve development and commerce within the district.
7. Apply to the federal Foreign Trade Board for authorization to exercise the powers relating to foreign trade zones.
8. Act as agent for the federal government to carry out the provisions of sections 469.090 to 469.108.
9. Issue Revenue Bonds and with the approval of the City Council, given by ordinance, General Obligation Bonds secured by a pledge of the "Full Faith and Credit" of the City.

Municipal Development Districts:

Purpose:

The purpose of an MDD is to improve the general economy of a community by increasing employment and enhancing the tax base.

Governing Body:

The MDD falls under control of the City Council/County Commissioners. The council then designates a board to administer the districts. In first class Cities, an advisory board must be created to aid with district activities. A majority of members on the board must be real property owners on lands within the district. In St. Paul and Minneapolis the board must be elected, in other Cities the members may be appointed.

Activities:

1. An MDD may obtain land through eminent domain or negotiation.
2. The MDD may design a development program within the district.
3. The MDD may further develop the facilities, transportation, or overall quality of life in a district through building acquisition, construction or reconstruction.
4. The municipality may be given ordinances regulating traffic in parking facilities or pedestrian skyway systems.
5. A municipality may lease all or portions of the basement, 1st or 2nd floors of buildings within the district.
6. The MDD may accept grants from private institutions or other sources for public facilities and general improvements.
7. The municipality may use private developers to construct buildings/facilities under the development plan. The City will reimburse the developers from MDD funds.
8. A municipality has the authorization to: install lighting systems, street signs, construct special landscaping, install snow removal systems, and build public parking ramps.

City Council

Purpose:

The main purpose of any City Council regarding the development units in this report, is to act as a control mechanism for operations. The power of the City Council and the controls it has over each of these units varies from City to City.

For Port Authority:

The City Council/County Commissioners of any port has indirect control over a port's use of general obligations bonds used for industrial projects. City Council/County Commissioners has the authority to approve the board of commissioners for any port. If a seven-member board is developed, two members must be from the City Council/County Commissioners.

For Municipal Development District:

City Council has the power to designate an existing department, agency, HRA, or other to administrate the district.

City Council may adopt ordinances designed to aid specific MDD projects.

The City has the power to create an MDD advisory board.

The City Council may defer property taxes on improved property (within the district) where a private developer constructs the improvement upon request of the economic developer.

Port Authorities:
(continued)

10. Contract with outside parties for the port.
11. Employ a director or additional staff as it deems necessary.
12. Allow membership in organizations to advance port activities and provide funds for public relations assistance.

These powers granted to a port are connected with powers of industrial development districts:

1. Develop and improve property within an industrial district and make them adequate for industrial use.
2. Exercise the power of a City regarding mined underground development.
3. Obtain rights and easements connected with industrial districts.
4. Exercise the powers specified under Minn. Stat. §§ 469.152 to 469.1651 to further improve the purposes of sections 469.090 to 469.108 (port authorities and industrial development districts).
5. Enter into a partnership agreement where the port serves as a limited partner only.
6. Receive for one dollar, tax forfeited land.
7. Use the power of eminent domain.
8. A port authority may create industrial development districts within the port district.
9. A port may obtain lands and facilities required for industrial development purposes.
10. Cooperate, and become an agent to the federal government in carrying out legislation concerned with operations in harbor and industrial districts.
11. Operate and maintain various parking systems and facilities to improve economic development.

City Council:
(continued)

For Municipal Industrial Development Act:

City Council acts as the overall Governing Body with direct and indirect control over municipal activities.

For Rural Development Finance Authority Act:

Inapplicable--County related.

For an HRA:

City Council approves appointees to the HRA Board of Directors.

City Council has certain powers of restrictions that may be enforced on the HRA. Generally, projects and activities must be approved by the City Council.

For an EDA:

The City Council may establish an EDA by way of enabling resolution. It may also determine the specific powers the EDA is to have in that resolution.

City Council must have membership on the EDA Board of Commissioners. It may serve as the EDA Board of Commissioners in entirety or choose a portion of members from the business community or general public.

City Council approves the Mayor's appointments to the EDA Board of Directors.

SAMPLE BYLAWS AND ENABLING RESOLUTIONS

EXTRACT OF MINUTES OF MEETING OF THE CITY COUNCIL OF THE CITY OF [NAMEOFCITY], MINNESOTA

HELD: _____, [Year]

Pursuant to due call and notice thereof, a regular or special meeting of the City Council of the City of [NameofCity], Minnesota, was held at the [NameofCity] City Hall on _____, [Year], commencing at _____ p.m.

The following members of the Council were present:

and the following were absent:

Councilmember _____ introduced the following Resolution and moved its adoption:

RESOLUTION CALLING FOR PUBLIC HEARING ON THE QUESTION OF ESTABLISHING AN ECONOMIC DEVELOPMENT AUTHORITY FOR THE CITY

IT IS HEREBY RESOLVED by the City Council of the City of [NameofCity], Minnesota, as follows:

1. Recitals.

(a) The City is authorized pursuant to Minnesota Statutes, Sections 469.090 through 469.1082, to establish an Economic Development Authority for the City.

(b) The Council desires to initiate the process for considering the establishment of an Economic Development Authority.

2. Public Hearing. The Council shall hold a public hearing on the question of establishing for the City an Economic Development Authority and the City Clerk is hereby authorized and directed to cause notice of that public hearing, substantially in the form attached to and made a part of this Resolution, to be published in the City's official newspaper once a week for two consecutive weeks prior to the scheduled public hearing date, with the first publication occurring no earlier than 30 days prior to the public hearing date.

The motion for the adoption of the foregoing resolution was duly seconded by Councilmember _____ and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon the resolution was declared duly passed and adopted and was signed by the Mayor and City Clerk.

Adopted by the City Council on _____, [Year].

By _____
Mayor

Attest _____

City Clerk

NOTICE OF PUBLIC HEARING
ON THE PROPOSAL TO ESTABLISH
AN ECONOMIC DEVELOPMENT AUTHORITY
FOR THE CITY OF [NAMEOFCITY], MINNESOTA

Notice is hereby given that the City Council (the "Council") of the City of [NameofCity], Minnesota, will hold a public hearing on _____, [Year], at a meeting of the Council beginning at approximately _____ p.m., at the [NameofCity] City Hall in the City of [NameofCity], Minnesota, relating to the question of the establishment by the City of an economic development authority (the "EDA") pursuant to Minnesota Statutes, Sections 469.090 through 469.1082.

Following the public hearing the Council will consider an enabling resolution (the "Enabling Resolution") which would establish the EDA. The Enabling Resolution, a copy of which is on file and available for inspection in the City offices, would authorize the EDA to exercise all powers granted to such authorities pursuant to the above-mentioned statutes and would designate that the EDA would be governed by a five-member Board of Commissioners, all of whom would be members of the City Council. Upon approval of the Enabling Resolution, an organizational meeting of the EDA will be held on the same evening.

All interested persons may appear at the _____ public hearing and present their views orally or in writing.

STATE OF MINNESOTA)
COUNTY OF [NAMEOFCOUNTY]) SS
CITY OF [NAMEOFCITY])

I, the undersigned, being the duly qualified and acting City Clerk of the City of [NameofCity], Minnesota (the "City"), do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular or special meeting of the City Council held on _____, [Year], with the original minutes on file in my office and the extract is a full, true and correct copy of the minutes insofar as they relate to calling a public hearing on the question of establishing an Economic Development Authority for the City.

Witness my hand as City Clerk and the official seal of the City on _____,
[Year].

City Clerk

(SEAL)

EXTRACT OF MINUTES
OF MEETING OF THE CITY COUNCIL
OF THE CITY OF [NAMEOFCITY], MINNESOTA

HELD: _____, [Year]

Pursuant to due call and notice thereof, a regular or special meeting of the City Council of the City of [NameofCity], Minnesota, was held at the [NameofCity] City Hall on _____, [Year], commencing at _____ p.m., C.T.

The following members of the Council were present:

and the following were absent:

Councilmember _____ introduced the following Resolution and moved its adoption:

ENABLING RESOLUTION ESTABLISHING THE ECONOMIC
DEVELOPMENT AUTHORITY OF THE CITY OF [NAMEOFCITY], MINNESOTA,
UNDER MINNESOTA STATUTES, SECTIONS 469.090 THROUGH 469.1082

BE IT RESOLVED by the City Council (the "Council") of the City of [NameofCity], Minnesota (the "City"), as follows:

1. Recitals. The City is authorized pursuant to Minnesota Statutes, Sections 469.090 through 469.1082 (the "Economic Development Authority Act"), to establish an economic development authority for the City and the Council desires to do so in order to promote certain economic, commercial, housing, and/or industrial development and redevelopment goals and objectives. The City has caused notice of a public hearing on the establishment by the City of an economic development authority to be published in a newspaper of general circulation in the City once each week for two consecutive weeks, and pursuant to such notice, a public hearing on the proposal has been held by the Council on the date hereof, at which hearing all persons desiring to present their oral or written comments on the proposal were given an opportunity to do so.

2. Establishment of Economic Development Authority. Pursuant to the Economic Development Authority Act, the Council hereby establishes an economic development authority for the City to be known as the Economic Development Authority of the City of [NameofCity], Minnesota (the "EDA"). The EDA shall be governed by a board of commissioners thereof consisting of five members, all of whom shall be members of the Council. Each Commissioner of the EDA who is a member of the Council shall cease to be a Commissioner effective at such time as he or she is no longer a member of the Council, and a successor Commissioner shall be

appointed pursuant to the Economic Development Authority Act to serve the remainder of the applicable term so vacated.

[Revise to reflect if EDA Board consists of community members and council members.]

3. Powers. The EDA shall have all powers given to an economic development authority pursuant to the Economic Development Authority Act, as the same may be amended or supplemented.

[Revise to reflect if City is limiting the powers of the EDA]

The motion for the adoption of the foregoing resolution was duly seconded by Councilmember _____ and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon the resolution was declared duly passed and adopted and was signed by the Mayor and City Clerk-Treasurer.

Adopted by the City Council on _____, [Year].

By _____
Mayor

Attest _____
Clerk

STATE OF MINNESOTA)
COUNTY OF [NAMEOFCOUNTY]) SS
CITY OF [NAMEOFCITY])

I, the undersigned, being the duly qualified and acting City Clerk of the City of [NameofCity], Minnesota (the "City"), do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular or special meeting of the City Council held on _____, [Year], with the original minutes on file in my office and the extract is a full, true and correct copy of the minutes insofar as they relate to an enabling resolution establishing the Economic Development Authority of the City of [NameofCity], Minnesota.

Witness my hand as City Clerk and the official seal of the City on _____,
[Year].

City Clerk

(SEAL)

RESOLUTION ORGANIZING THE ECONOMIC
DEVELOPMENT AUTHORITY OF THE CITY OF [NAMEOFCITY], MINNESOTA

IT IS HEREBY RESOLVED by the Board of Commissioners (the "Board") of the Economic Development Authority of the City of [NameofCity], Minnesota (the "EDA") as follows:

1. Recitals.

 (a) On _____, [Year], the City of [NameofCity], Minnesota (the "City"), acting through its City Council, adopted an enabling resolution establishing the EDA pursuant to Minnesota Statutes, Sections 469.090 through 469.108.

 (b) The Board wishes to provide for the basic organization of the EDA, including appointment of officers and adoption of Bylaws.

2. Adoption of Bylaws and Appointment of Officers. The Board hereby (1) approves the Bylaws of the EDA, as presented on the date hereof for the Board's consideration, and (2) appoints and approves the following officers of the EDA (Note: the offices of President, Vice-President and Treasurer must be held by Boardmembers, but the offices of Secretary and Assistant Treasurer need not be; the offices of President and Vice-President must be held by different persons):

President	_____
Vice-President	_____
Secretary	_____
Treasurer	_____
Assistant Treasurer	_____

The President shall be the chief presiding officer of the Board and shall have such other responsibilities as may be required by law or conferred on the President by resolution of the Board. In the absence of the President, the Vice-President shall assume all of said responsibilities of the President. The offices of President, Treasurer, and Secretary shall be elected annually, as required by law. The Secretary shall act as the chief recording officer for the Board and shall maintain a file of minutes of Board meetings and resolutions.

In accordance with Minnesota Statutes, Section 469.096, Subdivision 8, all checks of the EDA shall be signed by the Treasurer and the Assistant Treasurer and shall state the nature of the claim for which the check is issued. As required by law, the EDA shall adopt an official seal.

3. Regular Meetings of the Board. The Board's regular meetings shall be held at such times as the Board may designate.

The following Boardmembers were present:

and the following were absent:

The motion for the adoption of the foregoing resolution was introduced by Boardmember _____ and was duly seconded by Boardmember _____ and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon the resolution was declared duly passed and adopted and was signed by the President and Secretary.

Adopted by the Board of Commissioners on _____, [Year].

By _____
President

Attest _____
Secretary

STATE OF MINNESOTA)
COUNTY OF [NAMEOFCOUNTY]) SS
ECONOMIC DEVELOPMENT)
AUTHORITY OF THE CITY)
OF [NAMEOFCITY], MINNESOTA)

I, the undersigned, being the duly qualified and acting Secretary of the Economic Development Authority of the City of [NameofCity], Minnesota, do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular or special meeting of the Board of Commissioners held on _____, [Year], with the original minutes on file in my office and the extract is a full, true and correct copy of the minutes insofar as they relate to a Resolution Organizing the Economic Development Authority of the City of [NameofCity], Minnesota.

WITNESS my hand officially as Secretary on _____, [Year].

Secretary

BYLAWS OF THE ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF [NAMEOFCITY], MINNESOTA

ARTICLE I - THE AUTHORITY

Section 1. Name of Authority. The name of the Authority shall be the "Economic Development Authority of the City of [NameofCity], Minnesota" (which may sometimes be referred to as the "EDA" or the "Authority"), and its governing body shall be called the Board of Commissioners (the "Board"). The Board shall be the body responsible for the general governance of the Authority and shall conduct its official business at meetings thereof.

Section 2. Seal of Authority. As required by Minnesota Statutes, Section 469.096, Subdivision 1, the Authority shall have an official seal, which shall be in the form depicted on Exhibit A.

Section 3. Office of Authority. The offices of the Authority shall be the [NameofCity] City Hall.

ARTICLE II - OFFICERS

Section 1. Officers. The officers of the Authority shall be a President, a Vice-President, a Treasurer, an Assistant Treasurer and a Secretary. The President, the Vice-President and the Treasurer shall be members of the Board and shall be elected annually, and no Commissioner may be both President and Vice-President simultaneously. The Assistant Treasurer and the Secretary need not be members of the Board.

Section 2. President. The President shall preside at all meetings of the Board. Except as otherwise authorized by resolution of the Board, the President and the Secretary (the Vice-President, in the Secretary's absence or incapacity) shall sign all contracts, deeds and other instruments made or executed by the Authority, except that all checks of the Authority shall be signed by the Treasurer and Assistant Treasurer. At each meeting the President shall submit such recommendations and information as he or she may consider proper concerning the business, affairs, and policies of the Authority.

Section 3. Vice-President. The Vice-President shall perform the duties of the President in the absence or incapacity of the President; and in case of the resignation or death of the President, the Vice-President shall perform such duties as are imposed on the President until such time as the Board shall select a new President.

Section 4. Secretary. The Secretary shall keep minutes of all meetings of the Board and shall maintain all records of the Authority. The Secretary shall also have such additional duties and responsibilities as the Board may from time to time and by resolution prescribe.

Section 5. Treasurer. The Treasurer shall have the care and custody of all funds of the Authority and shall deposit the same in the name of the Authority in such bank or banks as the Board may select. The Treasurer and Assistant Treasurer shall sign all orders and checks for the payment of money and shall pay out and disburse such moneys under the direction of the Board. The Treasurer shall keep regular books of accounts showing receipts and expenditures and shall render to the Board, at least annually (or more often when requested), an account of such transactions and also of the financial condition of the Authority. The Treasurer shall post a bond as required by Minnesota Statutes, Section 469.096, Subdivision 6. The Assistant Treasurer shall act as the Treasurer's agent and assistant to perform the above-described duties, subject to the Treasurer's approval thereof.

Section 6. Additional Duties. The officers of the Authority shall perform such other duties and functions as may from time to time be required by the Board or the bylaws or rules and regulations of the Authority.

Section 7. Vacancies. Should the office of President, Vice-President, Treasurer, Assistant Treasurer or Secretary become vacant, the Board shall elect a successor at the next regular meeting, or at a special meeting called for such purpose, and such election shall be for the unexpired term of said officer.

Section 8. Additional Personnel. The Board may from time to time employ such personnel as it deems necessary to exercise its powers, duties, and functions. The selection and compensation of such personnel shall be determined by the Board.

ARTICLE III - MEETINGS

Section 1. Regular Meetings. The regular meetings of the Board shall occur according to a meeting schedule, if any, adopted or revised from time to time by resolution of the Board.

Section 2. Special Meetings. Special meetings of the Board may be called by the President or any two members of the Board for the purpose of transacting any business designated in the call. The call for a special meeting may be delivered at any time prior to the time of the proposed meeting to each member of the Board or may be mailed to the business or home address of each member of the Board at least two (2) days prior to the date of such special meeting. At such special meeting no business shall be considered other than as designated in the call, but if at least four members of the Board are present at a special meeting, any and all business may be transacted at such special meeting. Notice of any special meeting shall be posted and/or published as may be required by law.

Section 3. Quorum. The powers of the Authority shall be vested in the Board. Three Commissioners shall constitute a quorum for the purpose of conducting the business and exercising the powers of the Authority and for all other purposes, but a smaller number may adjourn from time to time until a quorum is obtained. When a quorum is in attendance, action may be taken by the Board upon a vote of a majority of the Commissioners present.

Section 4. Order of Business. At the regular meetings of the Board the following shall be the order of business:

1. Roll call.
2. Approval of the minutes of previous meeting.
3. Bills and communications.
4. Reports.
5. Unfinished business.
6. New business.
7. Adjournment.

All resolutions shall be written or transcribed and shall be retained in the journal of the proceedings maintained by the Secretary.

Section 5. Adoption of Resolutions. Resolutions of the Board shall be deemed adopted if approved by not less than a simple majority of all Commissioners present, unless a different requirement for adoption is prescribed by law. Resolutions may but need not be read aloud prior to vote taken thereon and may but need not be executed after passage.

Section 6. Rules of Order. The meetings of the Board shall be governed by the most recent edition of Robert's Rules of Order.

ARTICLE IV - MISCELLANEOUS

Section 1. Amendments to Bylaws. The bylaws of the Authority shall be amended only by resolution approved by at least three of the members of the Board.

Section 2. Fiscal Year. The fiscal year of the Authority shall coincide with the fiscal year of the City of [NameofCity], Minnesota.

Adopted on _____, [Year].

Exhibit A

Form of Official Seal

+

SAMPLE JOB DESCRIPTION

POSITION TITLE: Economic Development Director

DEPARTMENT: Economic Development

ACCOUNTABLE TO: City Administrator

PRIMARY OBJECTIVE OF POSITION:

Serves as chief staff to the Economic Development Authority, planning, directing, and implementing the economic development efforts of the City under the direction of the Authority. Performs highly skilled, managerial, coordinative and technical tasks. Generates business leads, promotes business retention and expansion, creates a positive attitude for development and raises supportive public awareness for strategic economic planning and development.

DUTIES AND RESPONSIBILITIES:

1. Prepares, organizes and implements a coordinated target marketing program to generate leads for specific business and industry.
2. Researches, designs, recommends and implements programs to encourage location of new businesses and expansion of existing businesses within the City. Coordinates resources of public and private sectors - i.e. Federal and State Grants, Industrial Development Bonds and SPA Loans, Tax Increment Financing, banks, mortgage companies, etc.
3. Develops strategies and programs for allocation and delivery of City/Authority financial assistance resources.
4. Maintains contacts with Minnesota Department of Employment and Economic Development, area Development Corporations, and area commercial and industrial real estate brokers and developers.
5. Maintains current inventory of potential business location sites within the City - both building and vacant land, including contact persons.
6. Maintains updated demographic data, promotional materials and existing building lists for economic development programs.
7. Works with prospective businesses to tailor a proposal suited to their specific needs, including alternative locations and financing packages.

8. May negotiate economic incentive packages with prospective businesses. Analyzes financial needs of specific companies to insure that public/Authority resources are applied judiciously.
9. Maintains contact with current businesses to stay abreast of their future business plans and needs.
10. Identifies and contacts prospective clients for location and expansion within the City.
11. Assists locating or expanding businesses in understanding and anticipating comprehensive plan locations, zoning districts, standards and processes. Works closely with City Planning, Building Inspections, and Engineering Divisions to help facilitate a smooth review process.
12. Periodically reviews all economic development programs for effectiveness, making recommendations to Authority and City officials for changes as deemed appropriate.
13. Participates in exhibitions, seminars, media events and the like to attract businesses to the City.
14. Limited travel may be required to attend conferences, meet with prospective clients, research potential problems, financing, etc.
15. Prepare annual budget and work program for submission to the Authority and City Council.
16. Provide quarterly and annual report to the Authority and City Council regarding status of work program, future program potentials and activities of the staff.
17. Serves as chief staff support to Economic Development Authority. Prepares agendas and background information reports for Authority meetings. Attends meetings of the Authority, Chamber of Commerce, City Council, etc. and follows up staff responsibilities as assigned.
18. Completes other duties as assigned by the Economic Development Authority.

KNOWLEDGE, SKILLS AND ABILITIES

1. Thorough working knowledge of the principles, practices and procedures of economic development.
2. Ability to organize and coordinate support from professional and technical City staff, legal consultants, other government agencies, private business, and the financial services industry.

3. Ability to analyze the economics of a particular business location or expansion project, so as to make independent judgments about the effectiveness of financial assistance or inducements.
4. Ability to establish and maintain contacts and effective working relationships with potential business clients.

QUALIFICATIONS

1. Bachelor's Degree in Public Administration, Business Administration, or a closely related field highly desirable.
2. Minimum of three years of experience working in economic development, preferably at the local government level.
3. A demonstrated record of ongoing continuing education in economic development.

SAMPLE REVOLVING LOAN FUND POLICY

Oakdale Seed Fund

Purpose

The purpose of the Oakdale Seed Fund is to expand the tax base and promote new job opportunities by providing small business concerns and developers of multi-tenant facilities with a portion of the financing necessary for their projects. These *Administrative Procedures* set forth the organization and guidelines for personnel engaged in making loans through the Seed Fund. All personnel engaged in interviewing applicants for Fund assistance and accepting, screening, processing applications and servicing loans for the program should become familiar with this information. The procedures are for use by private lenders as well as staff employed by the City of Oakdale.

Scope of EDA/ Seed Fund Activities

Purpose

The administrative procedures are a guideline for personnel working with the Oakdale Seed Fund. They set forth the internal requirements of the program and how it should be managed by the Oakdale EDA.

The EDA was created with the intention of assisting small businesses primarily by providing financial assistance for growth and expansion. The EDA and the Seed Fund are intended to provide such assistance within the specified boundaries of the City of Oakdale. Any revenue generated by the Seed Fund to the EDA is incidental to the community benefits as measured by the creation and retention of jobs, increased tax base, expanded business ownership activities and improved community services.

Authority

Chapter 469 of the Minnesota State Statutes as amended authorizes the EDA to make loans to prospective private businesses. Recipients of financial assistance under this program are subject to non-discrimination requirements of the laws and policies governing such government assistance.

**Project Financed
By the Oakdale
Seed Fund**

The purpose of the Oakdale Seed Fund is to provide assistance to small business. This may occur by directly providing financing to the small business or indirectly by providing financing to a developer who will build a facility to assist a small business.

**Eligible Applicant
Defined**

Applicants may be small businesses or developers that are organized as a proprietorship, partnership or corporation.

**Size Eligibility
For Businesses**

For purposes of the Oakdale Seed Fund, a business may qualify if its sales are less than \$6 million annually for each of the last two fiscal years preceding the application for assistance from the fund. The Economic Development Authority may make exceptions to this rule on a case-by-case basis.

**Sound Business
Purpose**

The proceeds from a loan made through the Oakdale Seed Fund are to be used to assist an identifiable small business concern or a developer in accomplishing a sound business purpose. A sound business purpose would not exist if any of the following conditions occur:

- a) If the project proposed will destabilize existing multi-tenant facilities or have an adverse impact on them.
- b) If it is to accomplish an expansion or conversion which is unwarranted in light of the small business concern's past experience and management ability.

**Ineligible
Projects**

- a) Retail businesses
- b) Nonprofit institutions
- c) Gambling organizations
- d) Lending or investment organizations
- e) Land held primarily for sale or investment

Project Costs

"Project costs" should be limited to direct expenditures necessary to acquire, construct, convert, or expand a business including site

improvements and professional fees directly attributable and essential to a project such as survey, engineering, architectural, legal and accounting. In this context legal expenditures for such items as zoning changes title searches, title insurance, recording fees, etc., which are clearly essential to the total project can be included as project costs. While there is considerable flexibility in determining the composition of a project, in general it should be a productive asset when competed. In the classic sense, this would be land, building, machinery, and equipment.

Elements of Project Costs

In developing the aggregate project costs for the Oakdale Seed Fund the following guidelines will be used:

Land

Valuation of land injected by the small business concern into the project should be at the appraised value based on an appraisal acceptable to the EDA. The appraisal should conform with current bank regulatory requirements.

Land Improvements

Improvements which are paid through special tax assessments or user fees should not be included in determining project costs. Improvements to the land which are a portion of the project cost could include but are not limited to the following:

- 1) Grading
- 2) New streets or street improvements including curb and gutter
- 3) Parking lots
- 4) Utilities – water, sewer, gas, electric or
- 5) Landscaping

Purchased and/or Remodel an Existing Building

The cost of purchasing an existing building generally includes the value of the land and applicable fees and charges required to gain clear title to the property. Purchasing an existing facility with funds provided by the Oakdale Seed Fund is permissible.

Building Construction

Construction includes the erection of a new building and/or a major addition to an existing building.

Purchase Machinery and Equipment

Oakdale Seed Fund proceeds can be used to finance the purchase of major items of machinery and equipment independent of land and building. These items are defined to have a useful life of at least 7 years. The term of the loan will be commensurate with the life of the asset.

Ineligible Project Costs

The following costs should not be construed as part of the project costs under this program.

- a) Management fees
- b) Financing costs and fees
- c) Franchise fees
- d) Debt consolidation
- e) Moving costs

Leasehold Improvements

Financing should be permitted for leasehold improvements including construction on leased land. The lease should be equal to or greater than the term of the loan. The remaining economic life of the facility or leasehold improvements should be equal to or greater than the term of the Seed Fund loan. Financing may be provided if the land or building owner allows the EDA to secure lien positions on the land or building and improvements, sufficient to fully secure its exposure or if other collateral sufficient in value to fully protect the interest of the Oakdale EDA is offered.

Limited or Single Purpose Assets

The construction or the purchase of limited use assets should not be financed under the Oakdale Seed Fund unless the liquidating value of the asset plus other available collateral, if sold, would be

sufficient to protect the Oakdale EDA from realizing a substantial loss.

Working Capital

Proceeds from an Oakdale Seed Fund loan should not be used for working capital or to refinance prior obligations of the small business concern.

**Availability of
Personal Resources**

Since the primary focus of the Oakdale Seed Fund is economic development, personal resources of the owners or principals of the small business concern should not usually disqualify the small business concern from receiving assistance. Where credit factors indicate the need for additional capitalization, the injection of personal resources may be required to make the loan credit-worthy.

**Personal
Guarantees**

The EDA should require the personal guaranty of any person owning 20% or more of the small business concern regardless of the form of ownership.

**Participants and
Structure of Project
Financing**

Maximum Private Sector Exposure

The Oakdale Seed Fund is designed to foster projects contributing to sound economic growth in Oakdale in such a way that maximum private sector exposure is stimulated and encouraged. The Seed Fund should not be a substitute for conventional business financing or be used in place of other specialized state, federal or local programs that may be better suited to the specific project needs. In most Seed Fund projects a private sector lender will make a separate secured loan equal to a certain percentage of the total project cost and will usually be secured by a senior lien on project assets acquired with the financing. The EDA's share of the project financing will usually be secured by a junior lien position on project assets. The EDA will use the Seed Fund to participate with the private sector lender in making the total loan to the small business concern.

**Private Sector
Lender**

Financing may be provided by regulated and/or non-regulated financial institutions or noninstitutional sources if they are in the business of providing financing for commercial purposes and they are not associated with the small business concern receiving

financial assistance. The terms and conditions of such financing must be acceptable to the Oakdale EDA based on the small business concern's ability to repay the Oakdale Seed Fund Loan.

Interest Rate

The lender and EDA may establish their own rate provided the rate is legal and reasonable. The lender and EDA may charge either a fixed or variable rate of interest on their loan. A renegotiable rate of interest is acceptable provided terms and conditions are established and agreed to both by the Oakdale EDA and the lender at the time of the loan approval. The EDA must be aware of the lender's terms and conditions in assessing the small business concern's ability to repay the Oakdale Seed Fund Loan.

Balloon Payment

Such payments may be considered where circumstances warrant their use.

Amount

The maximum amount of private lender financing should be included in each project. At least 50% of the project cost should be funded by a private lender.

Maturity

Maturity must be reasonable in relation to the life of the asset being financed. In no instance should the maturity of the Oakdale Seed Fund Loan exceed the maturity of the loan being provided by the private lender.

Personal Guarantees

The EDA requires the personal guaranty of any person owning 20% or more of the small business concern regardless of the form of ownership. Where ownership ranges from 5% to 19% the requirement for personal guarantees is discretionary. A partial guarantee may be considered for less than the total amount of the loan. Generally, a guaranty will not be required where ownership is less than 5%.

Alter Ego Loans

For tax and other reasons some small business owners prefer to separate the ownership of the asset from the operating small business concern. In such cases the small business owners form two legal entities: One entity owns part or all of the fixed assets and the other entity is the operating company. Loans will be permitted to the "alter ego" (passive concern) which is an eligible small business concern when:

- a) The applicant (passive concern) is a business entity that is organized and operated for profit, whether operating as an individual proprietorship, partnership or corporation;

- b) The operating small business concern is an eligible small business and the proposed use of proceeds would be allowable for such assistance if the operating small business concern were the owner of the property that is owned or to be owned by the applicant;
- c) The ownership interests in the applicant shall be completely identical with and in the same proportion as the ownership interest in such operating small business concern;
- d) Collateral includes an assignment of the lease between the applicant and the operating small business concern and a lien on the property itself. The lease, including options, shall be for a term of not less than the term of the loan;
- e) The operating small business concern must be either a guarantor or co-borrower, and any owners of 20% or more of the equity of the operating small business concern and of the applicant must also guarantee the loan.

Franchises

A franchise is eligible for the Oakdale Seed Fund if the franchise has the right to profit from his/her efforts commensurate with ownership and is eligible in all other respects. Franchises are ineligible only in the exceptional cases where the franchise agreement disguised as a contract of employment under the guise of a franchise operation. Where royalty or similar payments must be made by the borrower to the franchisor, a condition should be considered that prohibits such payment as long as the EDA loan is in default. Where credit factors warrant, guarantee of the franchisor should also be considered.

Operational Requirements

Responsibilities of the EDA/Oakdale Seed Fund

The Oakdale EDA/Seed Fund will offer its assistance to small business in need of financing. It will cooperate with other lenders participating in projects. The EDA and the Seed Fund are able to:

- a) Package and process loan applications
- b) Close and service loans
- c) Make available management services or cause such services to be made available

- d) Maintain the organizational and operational requirements set forth in these administrative guidelines

Disclosure of Information

On a loan application, no recommendation of any individual, (including a loan officer, city staff person or EDA board member) may be divulged directly or indirectly to an applicant, or to any of its representatives or any other unauthorized source. Only final EDA actions may be released.

Diversified Portfolio

The EDA will not concentrate the Seed Fund in any one type of industry. The EDA is encouraged to make loans to a variety of businesses in different industries. The Oakdale Seed Fund is designed primarily to assist existing healthy businesses to grow and create jobs. While new businesses (businesses in existence for less than two years) do create jobs, they should be considered for Seed Fund financing only after careful scrutiny as to management capability, experience, and financial support.

Place of Business

The EDA shall maintain an accessible place of business open to the public during regular business hours and maintain staff adequate to perform normal business transactions. The EDA's place of business shall be located within the Community Development Department of the Oakdale City Hall.

Fiscal Year

The EDA shall choose and establish a fiscal year. The EDA is encouraged to establish a fiscal year which coincides with the City's fiscal year (January 1 through December 31).

Records

The EDA shall maintain financial records including books of accounts and minutes of all meetings of the directors. All records and supporting documents relating to the EDA's transactions shall be kept at its' principal office. Records and documents which are the basis for or related to the financial statements or loans shall be preserved for the periods required by the Internal Revenue Service (IRS) in accordance with generally accepted accounting practices.

Maintaining Loan Portfolio Documents

The EDA shall develop a filing and control system which ensures that the following information and documents relating to its loan portfolio are available at its principal office. The EDA filing

system must contain information and documents related to each loan made through the Seed Fund as follows:

- 1) Loan application including all exhibits;
- 2) Loan authorization and all correspondence related to the loan prior to closing;
- 3) Loan closing documents including all documents relating to participation with the private lender;
- 4) Evidence of a 10% equity injection by the small business concern;
- 5) Amortization schedule;
- 6) Financial statements of the small business concern;
- 7) Related correspondence;
- 8) Evidence of field visits;
- 9) Condition of collateral;
- 10) Tickler file for insurance and UCC;
- 11) Evidence that taxes and insurance have been paid;
- 12) All other items relating to the loan.

Restrictions

Conflicts of Interest/Self-Dealing

Self-dealing by the EDA, its Board of Directors, employees or any other related parties to the prejudice of the small business concern, or the EDA is prohibited. The EDA shall not permit a significant relationship to exist or to be created between the EDA and a small business concern to be assisted while assistance through the Seed Fund is outstanding.

Servicing Capability

In most cases, the EDA will service the loan. The EDA may require that the private lender to service the loan. In this instance, a servicing agreement will be completed between the private lender and the EDA. Costs of servicing will be paid for by the applicant.

Notice of Default

In cases where the private lender is servicing the loan, the lender must agree to furnish the Oakdale EDA with written notice of any default by the small business concern within thirty (30) days of the date of default. The lender must give the Oakdale EDA sixty (60) days notice prior to a foreclosure sale. This agreement must incorporate provisions providing for a timely written notification from the lender to the Oakdale EDA of any default, delinquency by the small business concern on the lender's portion of the financing and the right of the Oakdale EDA to an immediate purchase of the lender's senior position in the loan thereby allowing the EDA the opportunity to protect its position and to avoid the accumulation of legal costs, preservation expenses, etc.

Loan Processing

Repayment ability

An Oakdale Seed Fund Loan must be secured so as to reasonably assure repayment. Reasonable assurance of repayment takes into consideration earnings, management ability and financial condition of the borrower as well as the value of collateral.

Process for Analyzing Loan Applications

The intake of loan applications will be completed by the Community Development Department staff of the City of Oakdale. Upon receipt of a complete application, the staff will complete an initial review to determine the ability of the program to address the identified financing need. If the project meets the intent and general parameters of the program, the application will be forwarded to the city's economic development consultant who will complete additional due diligence work on the application. The consultant will provide a report on the loan request to the Loan Committee of the EDA. The loan committee will make a recommendation to the Economic Development Authority who will make the final decision on the loan request.

Credit Information and Credit Reports

Upon receipt of the loan application, a credit report will be ordered from the private lender participating in the project. The report will be provided to the Oakdale EDA if the lender receives permission from the borrower. If the application package includes an acceptable credit report or sufficient credit information is supplied by the small business concern/lender or is available from other sources a new credit report may not be needed. Letters should be written by the private lender to credit references and others where

necessary to determine the applicant's credit standing. Telephone contact should be made with credit references where appropriate.

Credit Requirement

The small business concern must meet certain practical credit requirements including the following:

- 1) The applicant must be in good character as determined by the private lender and the Oakdale EDA.
- 2) There must be evidence that management has the ability to operate the business successfully.
- 3) The small business concern must have enough capital in the business so that with the assistance through the Oakdale EDA and Seed Fund it will be possible for the business to operate on a sound financial basis.
- 4) While the questions of security and collateral are important in determining whether financial assistance will be extended, they are not the only factors upon which the approval or rejection of an application is determined. The Oakdale EDA attaches great importance to management, the inherent soundness of the small business concern, the small business concern's earnings records and prospects, the small business concern's long-range possibilities for successful operation and whether the granting of financial assistance will increase employment or have other favorable effects on the economy of the City of Oakdale.

Financial Statement Requirements

The loan officer of the private lender must evaluate the reliability of the financial statement submitted. All statements must be signed and dated by the proprietor, a partner, or unauthorized office of the applicant unless they are accompanied by an independent accountant's report. Statements submitted on a compilation basis must be signed by the small business concern owner or designated officer.

Business Financial Statements

Balance sheets, profit and loss statements and statement of change in financial position are normally required for the preceding two full years. In addition, an interim statement for the current period is required when the application is received more than ninety (90) days after the end of the last fiscal year. An aging of accounts receivable and payables should accompany the interim balance sheet.

Analysis of Loan Applications

Additional Data

Additional financial data or written explanation may be required where necessary for an adequate analysis. This is especially true for new businesses or for existing businesses planning major changes in their operations. Both cases should require earnings projections. Cash flows or other types of data may be required where deemed necessary and appropriate.

Personal Financial Statements

Personal financial statements are required for proprietors, general partners each owner of 20% or more of the business including limited partners and guarantors. All statements must be signed and dated.

Processing Time

All loans are to be processed within thirty (30) working days. The processing cycle will begin with the day the application is received as indicated by a date stamp and ends when the loan authorization is issued. Time awaiting the receipt of additional information will be excluded from the processing time. If major delays are anticipated in receiving additional information to complete the package, the application will be returned to the small business concern within three (3) working days.

Loan Servicing

There are two options for loan servicing. The EDA may elect to have loans serviced by lenders participating in the financing for any project or service the loan internally. The EDA may require the servicer to obtain and review the financial statements of the small business concern annually; review the small business concern's payment of taxes and insurance, review the uniform commercial code filings on

collateral and monitor other financing senior to the loan to assure that payments are current.

The EDA may also require the servicer to make field visits as necessary to review the condition of collateral and report to the EDA any default or any other adverse trend condition or information as they occur and take or propose remedial servicing actions as ordinarily performed by a prudent lender. The EDA will provide written instructions to the servicer outlining the services that need to be provided as a part of the servicing contract. In addition, the servicer will not, without the prior written authorization of the Oakdale EDA, authorize any actions regarding the EDA loan including:

- 1) Make or consent to any substantial alteration in the terms of the loan instrument.
- 2) Make or consent to release of collateral.
- 3) Accelerate the maturity of the note.
- 4) Sue upon the loan instrument.
- 5) Waive any claim against borrower, guarantor, obligor or stand-by creditor arising out of the loan instrument.
- 6) Directly or indirectly charge or receive a bonus, fee, commission or other payment or benefit in connection with the making and servicing of the loan except as authorized by the program.
- 7) Require or obtain any funds, certificates of deposit or compensating balance not under the unrestricted control of the small business concern or any other agreement establishing any preference in favor of the lender.

Repayment

The servicer is required to ensure the timely forwarding of the small business concern's monthly payment to the Oakdale Seed Fund.

Upon request, this information can be made available in alternative formats.
For more information, email economic.development@state.mn.us or call 651-259-7432.

DEED is an equal opportunity employer and service provider.

STATE OF MINNESOTA

COUNTY OF CHISAGO

CITY OF NORTH BRANCH

Councilmember Anderson offered the following Resolution and moved its adoption.

RESOLUTION NO. 12-12-27-94

A RESOLUTION ENABLING THE CREATION OF AN ECONOMIC DEVELOPMENT AUTHORITY IN THE CITY OF NORTH BRANCH.

BE IT RESOLVED BY THE CITY COUNCIL OF NORTH BRANCH, MINNESOTA:

Section 1 Background: Findings.

- 1.01 The City is authorized by Minnesota Statutes, Chapter 469 (Act) to establish an Economic Development Authority (EDA) to coordinate and administer economic development and redevelopment plans and programs of the City.
- 1.02 It is found and determined by the City Council that the encouragement and financial support of economic development and redevelopment in the City is vital to the orderly development and financing of the City and in the best interests of the health, safety, prosperity, and general welfare of the citizens of the City.
- 1.03 It is further found and determined that the economic development and redevelopment of the City can best be accomplished by the establishment of an EDA at which all persons wishing to be heard expressed their views.
- 1.04 The City Council has in accordance with the Act provided public notice and conducted a public hearing on December 27, 1994, concerning the establishing of an EDA at which all persons wishing to be heard expressed their views.

Section 2 Enabling Resolution.

- 2.01 The Economic Development Authority of the City of North Branch (EDA) is hereby established.

RESOLUTION NO. 12-12-27-94

Page 2 of 3

- 2.02 The EDA consists of a governing body of seven commissioners. Two of the commissioners shall be members of the City Council and serve as Commissioners of the EDA for terms coinciding with their terms as members of the City Council. All commissioners shall be appointed by the Mayor with the approval of the City Council. The EDA has all the powers and duties set forth in Section 469.090 to 469.108 of the Act and other law, except as limited by this resolution.
- 2.03 The following limits apply to the EDA and its operation:
- a. The sale of bonds or other obligations of the EDA must be approved by the City Council.
 - b. The EDA must follow the budget process for the City departments in accordance with City policies, ordinances, and resolutions.
 - c. Development and redevelopment actions of the EDA must be in conformance with the City comprehensive plan and official controls implementing the comprehensive plan.
 - d. The EDA must submit its plans for development and redevelopment to the City Council for approval in accordance with City planning procedures and law.
 - e. The administrative structure and management practices and policies of the EDA must be approved by the City Council.
- 2.04 As provided in the Act it is the intention of the City Council that nothing in this resolution nor any activities of the EDA are to be construed to impair the obligations of the City under any of its contracts or to affect in any detrimental manner the rights and privileges of the holder of a bond or other obligation heretofore issued by the City.

Section 3 Implementation.

- 3.01 The City Council will from time to time and at the appropriate time adopt such ordinances and resolutions as are required and permitted by the Act to give full effect to this resolution.

RESOLUTION NO. 12-12-27-94
Page 3 of 3

- 3.02 The Mayor, the Administrator and other appropriate City officials are authorized and directed to take the actions and execute and deliver the documents necessary to give full effect to this resolution.
- 3.03 Nothing in this resolution is intended to prevent the City from modifying this enabling resolution to impose new or different limitations on the EDA as authorized by the Act.

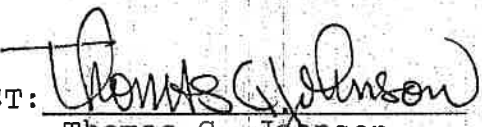
The foregoing motion was duly seconded by Councilmember Alvin and being put to vote members voted: AYE: 5 NAY: 0

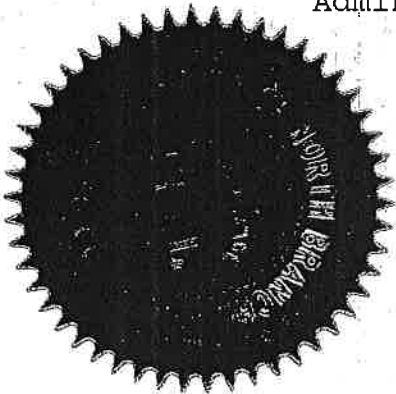
ELLIS JOHNSON	<u>AYE</u>	THOMAS ALVIN	<u>AYE</u>
RICHARD ANDERSON	<u>AYE</u>	RODNEY LOFQUIST	<u>AYE</u>
STEVEN VANDEN HEUVEL	<u>AYE</u>		

Passed and adopted this 27th of December, 1994.

CITY OF NORTH BRANCH


Ellis Johnson
Mayor

ATTEST: 
Thomas G. Johnson
Administrator/Clerk



North Branch Economic Development Authority

Bylaws Discussion

July 16, 2024



Establishment of the North Branch Economic Development Authority

Resolution 12-12-27-94 Adopted December 27, 1994

STATE OF MINNESOTA
COUNTY OF CHISAGO
CITY OF NORTH BRANCH

Councilmember Anderson offered the following Resolution and moved its adoption.

RESOLUTION NO. 12-12-27-94

A RESOLUTION ENABLING THE CREATION OF AN ECONOMIC DEVELOPMENT AUTHORITY IN THE CITY OF NORTH BRANCH.

BE IT RESOLVED BY THE CITY COUNCIL OF NORTH BRANCH, MINNESOTA:

Section 1 Background: Findings.

- 1.01 The City is authorized by Minnesota Statutes, Chapter 469 (Act) to establish an Economic Development Authority (EDA) to coordinate and administer economic development and redevelopment plans and programs of the City.
- 1.02 It is found and determined by the City Council that the encouragement and financial support of economic development and redevelopment in the City is vital to the orderly development and financing of the City and in the best interests of the health, safety, prosperity, and general welfare of the citizens of the City.
- 1.03 It is further found and determined that the economic development and redevelopment of the City can best be accomplished by the establishment of an EDA at which all persons wishing to be heard expressed their views.
- 1.04 The City Council has in accordance with the Act provided public notice and conducted a public hearing on December 27, 1994, concerning the establishing of an EDA at which all persons wishing to be heard expressed their views.

Section 2 Enabling Resolution.

- 2.01 The Economic Development Authority of the City of North Branch (EDA) is hereby established.

EDA Mission Statement

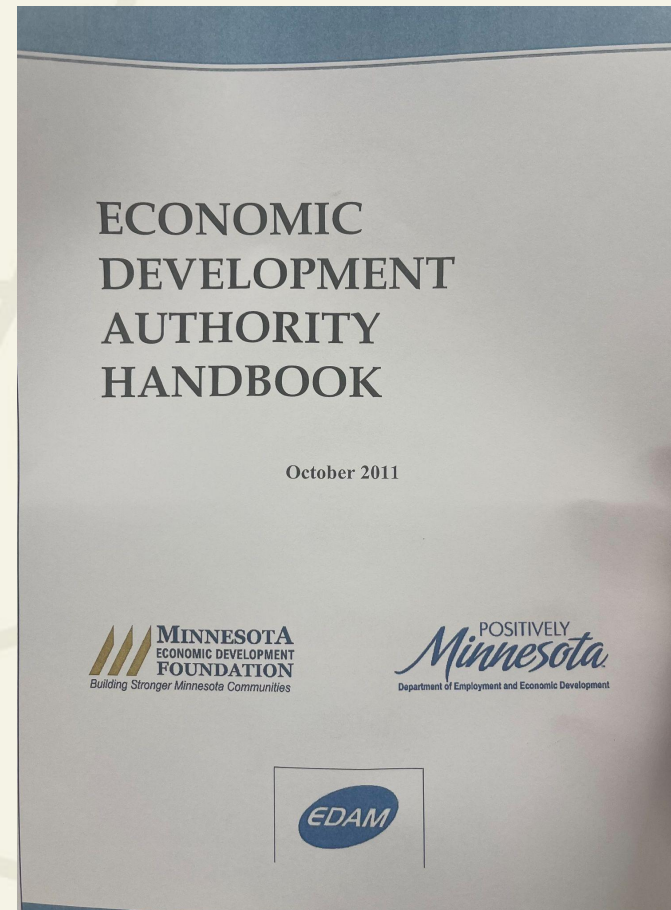
To be proactive in maintaining and enhancing the economic viability of North Branch through partnerships, innovation and strategic action.

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.

Source Document

Economic Development Authority Handbook



Bylaws Working Group Update



- 2.2 Remove Chair Pro Tem and Assistant Treasurer
- 2.5 Section removed as Chair Pro Tem role was removed in 2.2
- 2.7 Section removed as Assistant Treasurer role was removed in 2.2
- 2.8 Secretary shall be the Executive Director or his/her designee
- 2.9 Revised language to state that City Council will appoint the Executive Director
- 3.2 Regular meeting date still stated in bylaws, but time to be determined by the Commission
- 3.7 Refer to EDA Handbook, page 9- led us to add agenda review to be conducted by Executive Director and EDA Chair
- 3.8 Speakers shall sign up to speak prior to the start of the meeting.

Why North Branch?



-  **Destination Community**
Largest and fastest growing community in Chisago County, and the County's employment center.
-  **Tailor-Made Options**
Select the ideal location in the Business Park that meets today's needs & tomorrow's expansion.
-  **Multi-Market Connected**
Access to multiple supply and job markets from one location via existing and potential transportation systems.
-  **Next Gen Workforce**
Available local workforce training resources and school partnerships teaching job skills and career readiness.
-  **Housing Diversity**
Ready housing options from 1,000+ new homes and rental units; another 500+ units planned.
-  **All Points North**
Something for everyone here.



Right Fit for Business!