



NORTH BRANCH —Minnesota—

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Commissioner

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Commissioner

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Commissioner

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Councilmember

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**ECONOMIC DEVELOPMENT AUTHORITY
REGULAR AGENDA
TUESDAY, MAY 20, 2025 @ 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
5. PUBLIC COMMENT
6. CONSENT AGENDA

ACTION

7. REPORTS
 - a. Chisago County HRA-EDA Update
 - b. North Branch Area Chamber of Commerce Update
 - c. North Branch Area Schools Update
 - d. EDA Executive Director Update
 - e. Comprehensive Plan Update
 - f. 2026 EDA Budget

**VERBAL
UPDATE**

**VERBAL
UPDATE**

**VERBAL
UPDATE**

**VERBAL
UPDATE**

INFO

INFO

g. Purchase Agreement with Sunrise River Commons, LLC.

ACTION

8. OLD BUSINESS

9. CLOSED SESSION

- a. Closed meeting pursuant to Minn. Stat. 13D.05, sub. 3 (c) to consider the sale of real property identified as Lot 1 Block 1, Cherokee Place 3rd Addition, North Branch, Minnesota ACTION
- b. Closed meeting pursuant to Minn. Stat. 13D.05, sub. 3 (c) to consider the sale of real property in the Interstate Business Park ACTION
- c. Closed meeting pursuant to Minn. Stat. 13D.05, sub. 3 (c) to consider the sale of real property at 37891 Forest Blvd ACTION

10. NEXT MEETING - JUNE 17, 2025 - 3:30 PM

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: Nathan Sondrol, Community Development Director

Presenter: Nathan Sondrol, Community Development Director

Date: 05/13/2025

Board & Commission:

Subject: Chisago County HRA-EDA Update

Chisago County HRA-EDA Update

Voting Requirements:



Prepared By: Nathan Sondrol, Community Development Director

Presenter:

Date: 05/13/2025

Board & Commission:

Subject: North Branch Area Chamber of Commerce Update

North Branch Area Chamber of Commerce Update

Voting Requirements:



Prepared By: Nathan Sondrol, Community Development Director

Presenter: Nathan Sondrol, Community Development Director

Date: 05/13/2025

Board & Commission:

Subject: North Branch Area Schools Update

North Branch School Update

Voting Requirements:



Prepared By: Nathan Sondrol, Community Development Director

Presenter: Nathan Sondrol, Community Development Director

Date: 05/13/2025

Board & Commission:

Subject: EDA Executive Director Update

The EDA Executive Director will provide an update at the meeting

Voting Requirements:



Prepared By: Nathan Sondrol, Community Development Director

Presenter: Nathan Sondrol, Community Development Director

Date: 05/13/2025

Board & Commission: Economic Development Authority

Subject: Comprehensive Plan Update

The City Council discussed the roll-out of the Comprehensive Plan Update at their meeting on April 29, 2025.

The Council is looking for discussion and input from the commission on Comprehensive Plan from the EDA as specifically as it relates to Economic Development and Housing as well as the rest of the plan

Voting Requirements:

Voting Options Simple Majority



City of North Branch 2025 Comprehensive Plan Review

Agenda

Introduction

Building the team

Engaging the community

Comprehensive Plan Review

Final tips & takeaways



Overview

North Branch Comprehensive Plan was completed in 2018 with a purpose of serving as a vision and roadmap for where the community is headed.

Our goal is to review the Plan and discuss potential revisions, ensuring community understanding and buy-in.



2018

The intension of the plan was to be used in day-to-day activities by City Staff, City Council, and other Commissions and Stakeholders to help form important policy decisions such as...

Infrastructure and development

Capital improvements

Zoning and regulatory changes

And communicating a consistent vision.

2018

The current plan was initiated and completed in 2018 using valuable input from the community.

A series of four community meetings

In-person and on-line surveys

Public Meetings of the Planning, Economic Development Authority, and Parks/Trails/Open Space Commissions, and the City Council.

Comments were received via the project website, emails, and social media outlets.

Vision

North Branch is a growing and safe community with outstanding natural and recreational amenities and opportunities for all, and well-maintained infrastructure, vibrant business districts and neighborhoods, and provides residents with an excellent quality of life.



Building the Team

Co-Chairs – To provide direction and be a conduit of information to the rest of the team.

- ♦ Kevin Schieber, Mayor
- ♦ Matthew Hill, City Administrator

Update Coordinating Team – too be determined

- ♦ City Staff
- ♦ City Council Members
- ♦ Planning Commissioners
- ♦ EDA Commissioners
- ♦ Parks, Trails, and Open Space Commissioners
- ♦ North Branch Area Public Schools
- ♦ North Branch Area Chamber of Commerce
- ♦ Residents!

Calendar / Goals

May – Request input from Council, Commissions, and Community Organizations

May 5 – PTOS Committee

May 6 – Planning Commission

May 13 – North Branch Chamber of Commerce

May 20 – Economic Development Authority Commission

May 20 – City Council Special Meeting including request to residents for their input with invitation for first of two community meetings to gather general input on June 17



Needs assessment of current Comprehensive Plan



Vision and Values – has anything changed that requires the City to add or change?

Land Use – Do the existing land use ordinances and zoning maps need to be altered or adjusted to meet the current and future needs?

Housing – Does the current housing plans for maintaining and developing quality future housing stock still hold true?

Economic Development – Has the economic climate changed creating new opportunities for economic growth and redevelopment in areas of the City?

Needs assessment of current Comprehensive Plan



NORTH BRANCH



Transportation – Does the existing and future improvements noted in the 2018 Comprehensive Plan still meet the needs of the Community?

Utilities – Review of the current improvement plans and confirm that it meets the needs of both housing and industrial growth.

Natural Environment, Parks, Trails, and Recreation – Make sure that the trail connections and being met to connect the new housing development and have plans available for new and future park dedication fees.

Needs assessment of current Comprehensive Plan



Staff, Council and Commissioners have identified the following areas within the Comprehensive Plan that need updates

- **Land Use** – Zoning, Urban Service Area, Ordinance Updates.
- **Business Development** – Identify new ways of supporting existing businesses and new industry with guidance, direction, and financial support.
- **Municipal Utilities** – Assure that our long term plans can accommodate the expected growth of the Community.
- **Public Safety** – Possibility of adding an outline of the Community's vision and goals for addressing safety concerns, including road and pedestrian safety, emergency response, and crime prevention.

Next Steps



- **August and September** - The Update Coordinating Team will gather the input provided and work together to provide guidance to the City Council on a proposal of needed changes.
- ♦ **June and July** - Commissions, Council, School and Chamber Boards, and Residents will provide the Advisory Committee with their thoughts on the current plan and requests for change at their meetings in June and July. The City will provide two community gatherings to review the current plan and ask for feedback, one on June 17 at City Hall and one on July 15 at the North Branch Public Library.

THANK YOU!

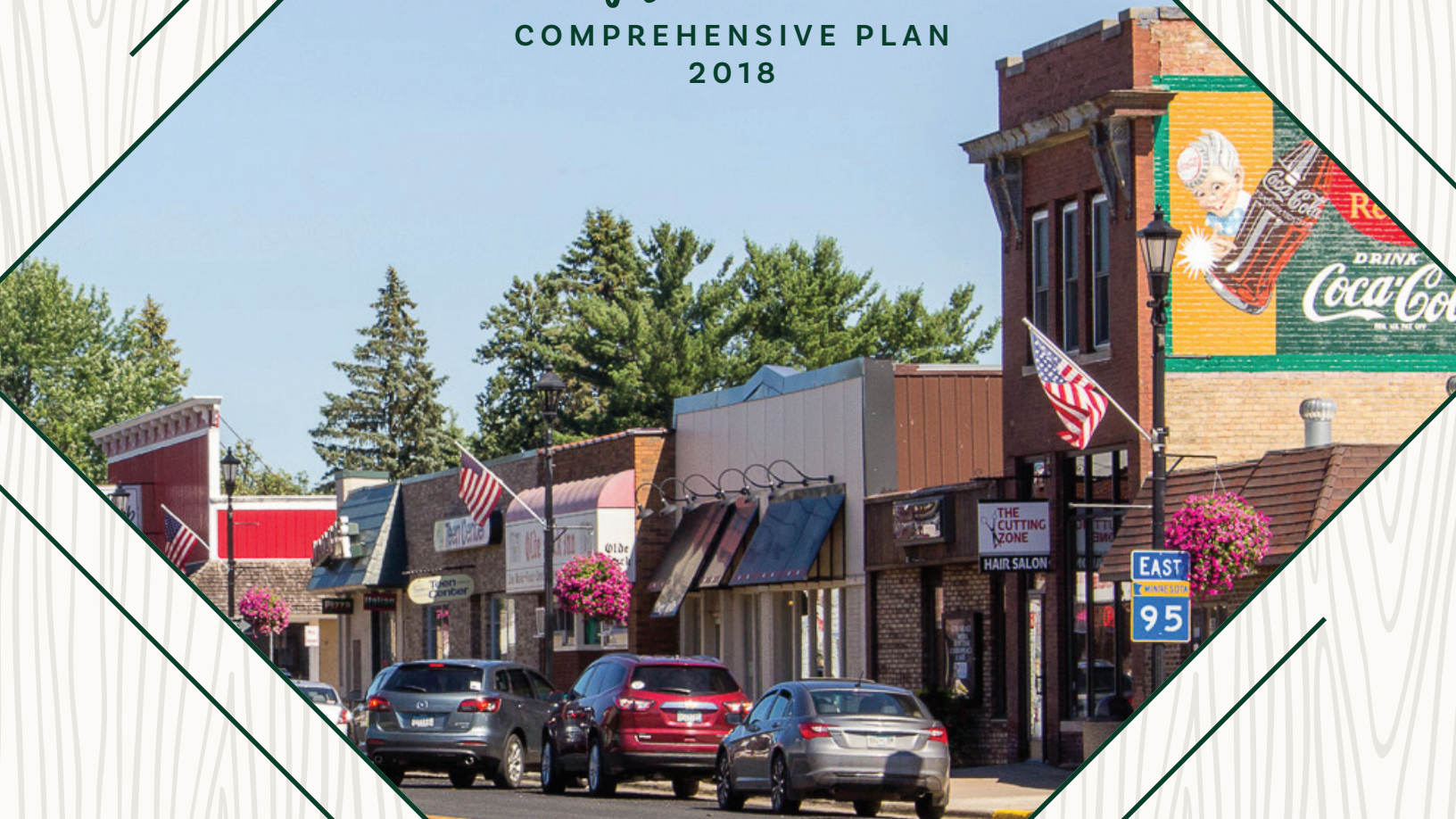
- ♦ The City of North Branch looks forward to hearing from you!



NORTH BRANCH

— *Minnesota* —

COMPREHENSIVE PLAN
2018



NORTH BRANCH COMPREHENSIVE PLAN

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Housing

The purpose of the Comprehensive Plan is to serve as a vision and roadmap for where the community is headed.



1

INTRODUCTION

Purpose of the Plan

The purpose of the Comprehensive Plan is to serve as a vision and roadmap for where the community is headed. The ideas and goals expressed in this plan are intended to be a reflection of the community's values and the desire for what North Branch is to become. Each chapter of the Comprehensive Plan provides the "big picture" of several important topics that are intertwined and have an impact on quality of life in North Branch.

It is the intention that this plan will be used on a day-to-day basis by city staff, the City Council, and other commissions and stakeholders to help inform important policy decisions, such as decisions involving infrastructure and development, the acquisition and sale of public land, capital improvements, zoning and regulatory changes, and communicating a consistent vision. It is anticipated that residents may use the plan to determine property use, understand decisions made by the City, and make improvements to property in a manner consistent with the plan. Developers may use the plan as a way to make decisions based on the goals and identified improvements.

The city of North Branch was formed in 1994 from the consolidated cities of Branch and North Branch. Shortly after consolidation, the city undertook a comprehensive planning process. Resulting from that process was the Comprehensive Plan adopted in 1995 for the consolidated city of North Branch comprised of 36 square miles in Chisago County, Minnesota. The plan was updated in 2003 and again in 2009. The comprehensive plan approach is intended to cover approximately a 10 - 20 year time period and may be amended and updated from time to time as conditions change. Time has passed and current growth and development necessitated a comprehensive update to the plan.

Planning Process

This Comprehensive Plan update was initiated and completed in 2018. Valuable input was gathered from those in the community through a series of four community cafes, in person and on-line surveys, and various public meetings conducted by the Planning Commission, Economic Development Authority (EDA), Parks Trails and Open Spaces (PTOS), and the City Council. A booth was held at the community's Expo and Job Fair event in April 2018, and a survey was administered to 7th and 8th graders at the North Branch Middle School as a way to gather input from younger stakeholders with regard to the city's parks and amenities.

As the plan evolved, drafts were available on the city's website and were presented and commented on at Planning Commission, PTOS, EDA and/or City Council meetings. Comments were also received via the project website, emails, and through the project Social Pinpoint page. The plan was reviewed by both the Planning Commission and City Council at their respective regular meetings in August, 2018. A public hearing was held before the Planning Commission on September 20, 2018, and adopted by the City Council on October 23, 2018.

Organization of the Plan

The Comprehensive Plan provides a “big picture” look at several important areas that have an impact on quality of life for North Branch. The Comprehensive Plan covers the following chapters:

CHAPTER 1: INTRODUCTION

This chapter provides an overview of what the Comprehensive Plan is and its purpose. It discusses the process for developing the plan and how it is organized.

CHAPTER 2: VISION AND VALUES

This chapter outlines the vision and values for the community that is intended to be expressed through all other chapters.

CHAPTER 3: LAND USE

This chapter establishes an existing and future land use for all property in the City. It also identifies future growth areas.

CHAPTER 4: HOUSING

This chapter provides an overview of existing housing conditions and a plan for maintaining and developing a quality future housing stock.

CHAPTER 5: ECONOMIC DEVELOPMENT

This chapter provides an analysis of the existing economic climate and opportunities for economic growth and redevelopment areas.

CHAPTER 6: TRANSPORTATION

This chapter analyzes the existing transportation system and future improvements, mostly as it relates to auto-oriented transportation. Non-motorized transportation is discussed further in Chapter 8: Natural Environment, Parks, Trails, and Recreation.

CHAPTER 7: UTILITIES

This chapter examines the existing system and future improvements to public utilities as it relates to the water, wastewater, and stormwater systems.

CHAPTER 8: NATURAL ENVIRONMENT, PARKS, TRAILS, AND RECREATION

This chapter examines the city’s natural resources, including open space and natural habitats, existing park and trail system, as well as recreational opportunities and establishes planning criteria, guidelines and standards for protecting the natural environments and future development of various amenities.



Implementing the Plan

Summary of Land Use Implementation Strategies

The North Branch Comprehensive Plan is a flexible document working to the advantage of the community. The Plan Goals and Objectives should be reviewed every three years ensuring relevancy to current conditions and priorities. The Planning Agency should advocate use of the plan, review various projects for consistency with the Plan, and advise the City Council in matters related to implementation. In addition, any projects implemented should detail a timeline and have a funded budget. The Plan encourages interaction with governmental agencies, non-profits, and local citizens. Capital Improvement Programs (CIPs) shall be reviewed and updated annually.

Summary of Non-Land Use Implementation Strategies

North Branch, like most cities having faced financial difficulties, faces a number of challenges towards expanding affordable housing, replacing aging infrastructure and attracting new development and administrators to involve a variety of organizations. Additional difficulties include finding funding sources to address those issues over time and seeking to provide maximum flexibility in the planning and timing of needed public improvements. The Plan recognizes that North Branch has limited financial resources and vast human resources. The citizens of North Branch, through their involvement with government and various civic and charitable organizations, will be a key component of the actions necessary to implement the Comprehensive Plan. The City should involve other City Boards and Commissions, volunteer groups, local non-profit organizations such as the Chamber of Commerce, and other governmental agencies in planning and funding these future projects.

ACKNOWLEDGEMENTS

2018 COMPREHENSIVE PLAN UPDATE COORDINATING TEAM

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SPECIAL THANKS TO 2018 CITY COUNCIL:

Mayor Kirsten Hagen-Kennedy
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Bob Canada
Jim Swenson
Kathy Blomquist
Kelly Neider

2018 PLANNING COMMISSION

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Laurie Warner

2018 ECONOMIC DEVELOPMENT AUTHORITY

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Chuck Sinn
Dennis Johnson
Kathy Blomquist
Kirsten Hagen-Kennedy

2018 PARKS, TRAILS, & OPEN SPACE COMMISSION

John Pantelis, Chair
Beth Thorp
Bob Bernier
Jaime Souza
Robert Walz

AND AN EXTRA SPECIAL THANKS TO BRIAN VOSS FOR HIS FANTASTIC PHOTOS AND TO ALL OF THE RESIDENTS, STUDENTS AND BUSINESS OWNERS WHO PARTICIPATED IN COMMUNITY SURVEYS, ATTENDED COMMUNITY CAFES, AND PROVIDED VALUABLE INPUT TO THE COMPREHENSIVE PLAN UPDATE, OUR SUPPORTERS AND TO THE TEAM THAT HELPED GET THE WORD OUT ABOUT THE COMPREHENSIVE PLAN INPUT SESSIONS, INCLUDING THE NORTH BRANCH DOMINOS AND THE NORTH BRANCH AREA CHAMBER.

2

VALUES AND VISION

Values

Residents and other stakeholders were asked what they loved about North Branch at the Community Expo, at a chamber meeting, and at the first community café. The values expressed most often were:

THE STRONG SENSE OF COMMUNITY

A HOME TOWN FEEL

THE CITY'S COMMITMENT TO ITS PARKS AND TRAILS

A COMMUNITY THAT ENCOURAGES BIKING AND WALKING

QUALITY SCHOOLS

These values were reiterated at each of the other three community cafes and served as the foundation for the vision statements expressed below.

Vision for North Branch in 10 years

North Branch is a growing and safe community with outstanding natural and recreational amenities and opportunities for all, and well maintained infrastructure, vibrant business districts and neighborhoods, and provides residents with an excellent quality of life.

Vision for Land Use

The City of North Branch is a complete community that provides a well-balanced and wide range of places to live, work, shop and play. Land uses make efficient use of existing infrastructure, contribute to a strong local economy, preserve natural resources and contribute to a high quality of life.

Residential Uses

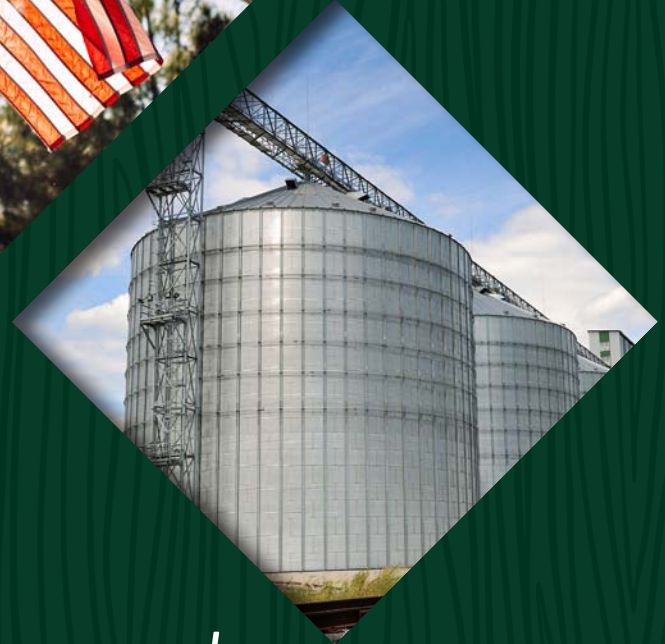
A diverse housing stock allows people at any stage in their life to be able to find a home in North Branch. Older housing is well maintained while new development expands housing options to complement existing neighborhoods.

Commercial and Industrial Uses

A significant amount of commercial and industrial uses can be found within the City that allow residents to work in North Branch, while also being able to meet all of their day-to-day needs. Commercial and industrial uses are compatible with their surrounding land uses.

Public/Institutional

Public and institutional uses are viewed as valued resources to the community and contribute to making North Branch a better place to live and do business.



North Branch is a growing and safe community with outstanding natural and recreational amenities and opportunities for all, and well maintained infrastructure, vibrant business districts and neighborhoods, and provides residents with an excellent quality of life.

Parks, Open Spaces and Trails

Quality parks and open space are within close proximity to all residents, providing recreational opportunities to encourage an active lifestyle. A wide variety of community facilities are provided to serve a range of interests. The City of North Branch has a proposed trail system that will allow bicycle and pedestrian access to most of the major pedestrian generators within the city, including schools, shopping areas, and parks. Many of the proposed trails are destinations in themselves, offering scenic walks or rides around many of the city's scenic views. With recreational activities such as running, bicycling, and walking increasing in popularity, the city's trail system will not only offer a recreational opportunity in itself, but will also help to connect the community's parks with the neighborhoods.

Vision for Economic Development

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

Vision for Municipal Utilities

The City of North Branch, individually and in collaboration with the North Branch Water & Light Utility, has a significant investment in its existing public utilities systems (water, wastewater and stormwater). The continued expansion and development within the Urban Service Area will require the extension of public utilities. In general, the existing infrastructure system is well-positioned and of adequate size to support expansion. However, coordination will be required between community development and the required expansion of the utility system. In some cases, the cost of providing utility service may dictate where and when future growth will occur.

Vision for Transportation

North Branch is located at the cross roads of I35 and TH95, providing for ease in and out of the city. Within the city limits, however, these features will require a coordinated approach to providing movement of traffic through the city to local destinations, safe pedestrian and bike corridors, and improved intersections to safely serve the increasing number of commercial vehicles passing through North Branch.

Vision for the Environment and Sustainability

Natural infrastructure includes all systems that relate to natural resources and contribute to an improved public life. Natural infrastructure considers the full range of natural resource uses including economic, environmental, health, cultural, and aesthetic. This broad view leads us to include surface water, groundwater, stormwater, wastewater, drinking water, geology, topography, soils, natural areas, open space, green spaces, urban forest, habitat, vegetation, scenic views, and parks and trails in natural infrastructure.

Natural infrastructure is a key element in planning where development should or should not take place within a city. This element is important to communities and development as it avoids certain development hazards, provides health benefits to citizens, protects ecological systems and enhances biological diversity, and offers communities unique quality of life components. Consideration of natural infrastructure ensures that homes are built upon stable dry soils, provides clean drinking water, accounts for resource based economic activities, provides scenic views and open spaces, and plans development that respect the integrity of natural systems and incorporate natural features into development.

Minnesota GreenStep City

In 2018, the Mayor and City Council approved a resolution to make North Branch a GreenStep City through the MPCA and League of Minnesota Cities' program. Minnesota GreenStep Cities is a voluntary challenge, assistance and recognition program to help cities achieve their sustainability and quality-of-life goals. This free continuous improvement program, managed by a public-private partnership, is based upon 29 best practices. Each best practice can be implemented by completing one or more actions at a 1, 2 or 3-star level, from a list of four to eight actions. These actions are tailored to all Minnesota cities, focus on cost savings and energy use reduction, and encourage civic innovation. North Branch is currently a Step 1 City. As North Branch plans for the future, it will continue to consider GreenStep City Best Management Practices as they relate to the goals and objectives of this comprehensive plan.



3

LAND USE & GROWTH

Introduction

The Land Use & Growth Management Chapter is a roadmap that helps guide City officials and staff on how to make policy decisions related to land use and future growth. These policies may influence the type, location and density of future development within the community. This chapter is intended to result in orderly and efficient development that utilizes land efficiently and makes the most of the community's resources. It offers guidance on key initiatives for the community which is consistent with the City's vision and goals.

In this chapter is a description of existing land use patterns, as well as an overview of how the City anticipates land will be used and developed in the future. It accommodates growth and applies the desired qualities of the community.

Another important aspect of this chapter is that it also serves as the foundation for reviewing the City's Zoning Ordinances, Zoning Map, Subdivision Regulations and other implementation tools. Implementation of the Land Use Plan produces several important implications:

USES

Every parcel is placed into a specific land use category. Each category includes a description of the type of land use or uses intended for that category. This description should match with the types and forms of development currently found in North Branch and desired for the future.

RELATIONSHIPS

Much like a jigsaw puzzle, the true picture comes from how each piece fits together into a whole. The Land Use Plan guides how elements of the built and natural environment come together in North Branch. These relationships will determine how North Branch will look, function and feel.

ACTIONS

The Land Use Plan sets the framework for public actions and investments. Utilities, streets, parks, and facilities are all influenced by the form and pace of development.

Figure 3-1: Existing Land Use

Identifies the location, amount, and types of existing land uses in the City of North Branch in 2018. The inventory as conducted as part of this planning process reflects general development patterns and is intended for general planning purposes only.

*The City of North Branch is
a complete community that
provides a well-balanced and
wide range of places to live,
work, shop and play.*

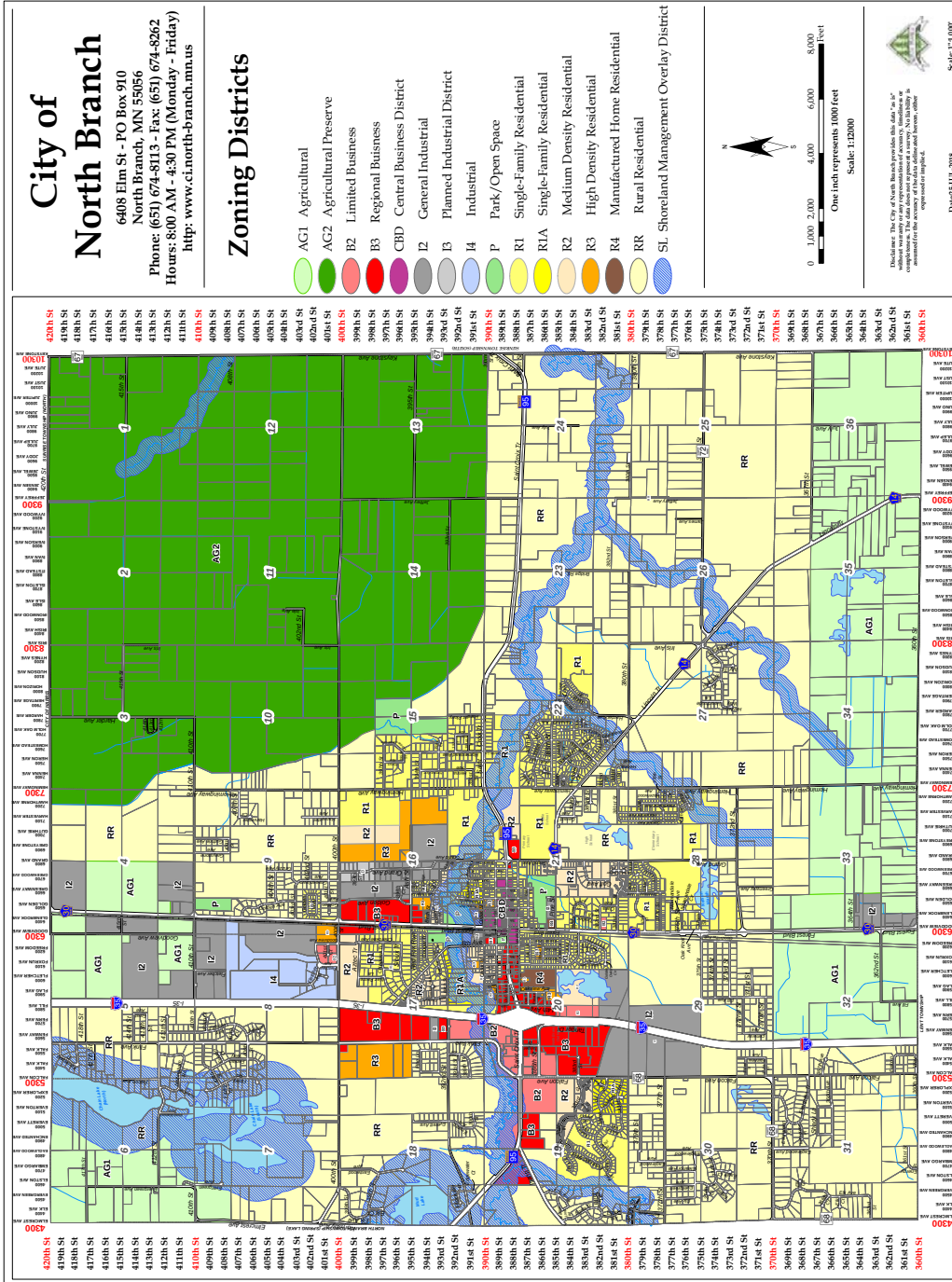


Table 3-A: Summary of Existing Land Use - 2018 summarizes the amount and type of existing land uses designated (whether or not fully developed) in North Branch.

Table 3 – A: Summary of Existing Zoning 2018		
<i>Existing Land Use Designation</i>	<i>Gross Acres*</i>	<i>Net Percent of City</i>
<i>Agriculture (AG1 and AG2)</i>	<i>8,680.2</i>	<i>37.6%</i>
<i>Rural Residential (RR)</i>	<i>9,961</i>	<i>43%</i>
<i>Low Density Residential (R1 and R1A)</i>	<i>1,869.7</i>	<i>8.1%</i>
<i>Medium Density Residential (R2)</i>	<i>403.4</i>	<i>1.7%</i>
<i>High Density Residential (R3)</i>	<i>216.6</i>	<i>.9%</i>
<i>Manufactured Home Residential (R4)</i>	<i>27.2</i>	<i>.11%</i>
<i>Central Business District (CBD)</i>	<i>43</i>	<i>.18%</i>
<i>Limited Business District (B2)</i>	<i>214.8</i>	<i>.9%</i>
<i>Regional Business District (B3)</i>	<i>437.3</i>	<i>1.9%</i>
<i>General Industrial District (I2)</i>	<i>858.1</i>	<i>3.7%</i>
<i>Planned Industrial District (I3)</i>	<i>21.6</i>	<i>.09%</i>
<i>Industrial District (I4)</i>	<i>158.6</i>	<i>.7%</i>

*Gross acres of use determined by GIS mapping data.

Figure 3-1:
Existing Zoning



Existing Zoning

Agriculture (AG1 and AG2)

Over one-third of the city's land area (37.6%) is currently used for agricultural purposes. Housing densities are low, and this zoning is characterized by active farms, hobby farms and homes on large lots. The northeast corner of the city is the historic river bottom of the St. Croix River and is framed by the historic river bluff line. Soils are well suited for sod farming and the production of produce. By maintaining a low density of development, it is the City's intent to preserve and protect the many natural resources found in this part of North Branch, including lakes, streams, wetlands and woodlands.

Rural Residential (RR)

Rural Residential makes up 9,961 acres or 43% of the total acreage in the City of North Branch. This land use is largely characterized by single family residences set on larger lot sizes to accommodate on-site sewage treatment systems. Some of these areas are located within the city's designated Urban Service Area and no new development is allowed within this zoning district without connecting to municipal services. Areas located outside of the Urban Service Area must meet a minimum buildable acre standard so as to ensure that there is sufficient land area with the appropriate soil separation to support both a primary and a future secondary on-site sewage treatment system.

Low Density Residential (R1 and R1A)

Low Density Residential makes up 1,869.7 acres or 8.1% of the total acreage in the City of North Branch. This land use is largely characterized by single-family homes with densities of 1 to 4 dwelling units per acre in those areas served by municipal utilities. Older areas of the city were platted before municipal utilities were established, resulting in larger lot sizes to accommodate on-site sewage treatment systems. The city has a limited inventory of older, historic homes that are located primarily in the one square mile area that had been the original city of North Branch. The areas around the historic center feature homes built approximately 50 years ago, with new development happening neighborhood by neighborhood since that time. 2017 marked the start of a new housing boom with new single family homes being constructed on existing lot inventory and multiple developments platted for the purpose of constructing even more single family homes. The new development that is planned or in process as of the writing of this plan is intended to provide the city with a more diverse mix of housing styles and at a wider range of price points.

Medium Density Residential (R2)

Medium Density Residential makes up 403.4 acres or 1.7% of the total acreage in the City of North Branch. Medium Density Residential is characterized by single family homes on smaller lots that required for R1, townhome style development, and two-family attached homes densities of 1 to 6 dwelling units per acre.

High Density Residential (R3)

High Density Residential makes up 216.6 acres or .9% of the total acreage in the City of North Branch. High Density Residential is characterized by land use that consists of all forms of multi-family attached housing units such as two-family attached homes, townhomes and apartment buildings.

High density residential has densities of up to 18 dwelling units per acre.

Manufactured Home Residential (R4)

The Manufactured Home Residential zoning classification only exists for the benefit of the four established manufactured home parks. It currently makes up 27.2 acres or .1% of the total acreage in the City of North Branch. Changes in Minnesota laws now allow manufactured homes in any zoning district that allows twin homes, subject to all applicable lot standards, such as lot size, frontage, road widths, etc. The new land use map and updates to the zoning map will include areas previously zoned at R4 within either an R2 or R3 zoning class.

Central Business District (CBD)

The Central Business District is a unique classification intended to provide for a planned, unified development of the City's historical downtown area. This zoning classification makes up 43 acres or .18% of the total acreage in the City of North Branch. Permitted uses include service based businesses, office uses, retail uses, apartments and hotel uses, among other things, in close proximity to one another to promote pedestrian movement between businesses. The area offers a mix of street and lot parking, with the parking lots being located behind buildings at various locations throughout the district. The existing land use is primarily commercial buildings, many of which are vacant and in need of rehabilitation. The area is dotted with existing single family homes which were intended to be phased out of use and converted to commercial uses over time. The area is adjacent to TH95, with sidewalks that provide pedestrian passage, but pedestrian movement across TH95 is difficult and poses a significant challenge to the goal of this area being an inviting public space offering a "range of retail and civic experiences" as hoped by the authors of the 2009 Comprehensive Plan.

Limited Business District (B2)

The Limited Business District makes up 214.8 acres or .9% of the total acreage in the City of North Branch. This land use is characterized by business uses and services, lodging, and retail that are also permitted in the CBD, but that are dependent on automobile traffic. Additionally, the area is intended to serve as a transition zone between the CBD and the Regional Business District (B3).

Regional Business District (B3)

The Regional Business District makes up 437.3 acres or 1.9% of the total acreage in the City of North Branch. This land use is characterized by business uses and services, lodging, and retail that are also permitted in the CBD and B2, but also provide for the location of commercial activities that serve primarily regional or nonlocal market. The lot sizes are larger so as to provide the area needed for retail and commercial activities that require very large buildings.

Light Industrial/Office District (I1)

The Light Industrial/Office District is defined as a region characterized by office, manufacturing and warehousing uses, but currently no part of the city is zoned for this use.

General Industrial District (I2)

The General Industrial District makes up 858.1 acres or 3.7% of the total acreage in the City of North Branch. This land use is characterized by manufacturing, assembly, warehousing, storage, showrooms and contractor shops.

Planned Industrial District (I3)

The Planned Industrial District is similar to I1, and makes up 21.6 acres or .09% of the total acreage in the city.

Industrial District (I4)

The Industrial District makes up 158.6 acres or .7% of the total acreage in the City of North Branch. This land use is characterized by manufacturing, assembly, warehousing, storage, showrooms and contractor shops as can be found in I2, but its location adjacent to I35 makes this area highly visible and is subject to stricter design standards. Currently, over 200 acres in the I2 and I4 zoning classifications are vacant but ready for development in the industrial park owned by the City through its Economic Development Authority.

Overlay Districts

Sensitive areas, such as those adjacent to bodies of water or within a designated flood plain or flood fringe are managed by the City in accordance with applicable Minnesota Statutes. Setbacks, design standards and other restrictions on use within the overlay district are imposed so as to limit ecological impact and loss.

Analysis of Existing Land Use

With over 36 square miles of land, an analysis of the existing land use illustrates several important issues about current and future development:

The largest land use category in terms of area in the City is agriculture. Followed by the rural residential land use category. It is anticipated that the agricultural areas will continue to be used for agricultural production due to its geologic characteristics and the community's desire to support its rich agricultural heritage and industry. The rural residential areas, which are served by private wells and septic systems, will also have agricultural or hobby farm uses. The total land areas for these two uses will not likely change, but development within these areas will occur at a much slower pace than the low density residential uses served by municipal utilities.

The second largest residential land use category is low density residential. It is anticipated that expanded development within this zoning classification will continue to grow throughout the life of this plan, resulting in greater intensity of the use without increasing the overall land area designated for this use. The three primary residential categories (R1 and R2) account for 9.8% of the total land use in the City.

The Central Business District is characterized by a development style common among other older downtowns. It is pedestrian oriented in nature with buildings built to the sidewalk. Parking for these uses is typically on street, in the rear of buildings, or shared among several users. The transition from residential uses to commercial uses did not occur as anticipated when the zoning district was created. There are numerous vacant buildings and the area is ripe for redevelopment.

The City, through its Economic Development Authority, owns over 200 acres of land zoned for industrial uses. Until this land is sold and developed, no additional industrial zoned land is needed within the Urban Service Area. If the city were to allow for heavy industrial uses, consideration should be given for compatibility with adjacent land uses. Controls should be in place that protect against negative impacts to neighboring property.

The nation's third largest solar farm is partially located within the City's limits. Other smaller solar installations are located entirely within the City. The solar installations feature native plantings intended to re-establish prairie habitat and support pollinator species, such as the Monarch butterfly.

The City benefits from existing park facilities, trails and open spaces. Approximately .6% of the total acreage in the City of North Branch is utilized as city owned park and open space uses. The City is also home to the Janet Johnson WMA, owned and managed by Minnesota Department of Natural Resources. The Sunrise Prairie Regional Trail and other city sidewalks and trails serve the city's goal of being walkable and bikeable, but it is the goal of the city to expand those opportunities and consideration should be given to identify areas for preservation for these purposes.

There are significant residential development opportunities in the northwest portion of the city. Large tracts of land are currently undeveloped and the opportunity exists to establish traffic corridors without the need for redevelopment.

Vision for Land Use

The City of North Branch is a complete community that provides a well-balanced and wide range of places to live, work, shop and play. Land uses make efficient use of existing infrastructure, contribute to a strong local economy, preserve natural resources and contribute to a high quality of life.

RESIDENTIAL USES

A diverse housing stock allows people at any stage in their life to be able to find a home in North Branch, which may include housing options suitable to multigenerational households. Older housing is well maintained while new development expands housing options to complement existing neighborhoods.

COMMERCIAL AND INDUSTRIAL USES

A significant amount of commercial and industrial uses can be found within the City that allow residents to work in North Branch, while also being able to meet all of their day-to-day needs. Commercial and industrial uses are compatible with their surrounding land uses.

PUBLIC/INSTITUTIONAL

Public and institutional uses are viewed as valued resources to the community and contribute to making North Branch a better place to live and do business.

PARKS, OPEN SPACES AND TRAILS

Quality parks and open space are within close proximity to all residents, providing recreational opportunities to encourage an active lifestyle. A wide variety of community facilities are provided to serve a range of interests. The City of North Branch has a proposed trail system that will allow bicycle and pedestrian access to most of the major pedestrian generators within the city, including schools, shopping areas, and parks. Many of the proposed trails are destinations in themselves, offering scenic walks or rides around many of the city's scenic views. With recreational activities such as running, bicycling, and walking increasing in popularity, the city's trail system will not only offer a recreational opportunity in itself, but will also help to connect the community's parks with the neighborhoods.

GOAL 1

Maximize the use of land within the City of North Branch in a way that strengthens the local economy, preserves natural resources, and ensures a high-quality of life for all residents.

Goals, Objectives, and Policies

The following is the primary goal for land use followed by a series of objectives and policies intended to influence future land use decisions in a direction that is aligned with the Vision Statement.

OBJECTIVE 1.1

PRESERVE AND ENHANCE THE SMALL BUSINESS ENVIRONMENT OF THE DOWNTOWN.

Policy 1.1.1

Encourage and promote the renovation and rehabilitation of existing buildings within the downtown.

Policy 1.1.2

Connect businesses with façade improvement grants and loans.

Policy 1.1.3

Make infrastructure improvements that enhance the pedestrian realm such as lighting and seating and gathering places for community activities.

OBJECTIVE 1.2

USE LAND IN A MANNER THAT STRENGTHENS THE ECONOMY OF NORTH BRANCH.

Policy 1.2.1

Strive for a balance of areas guided for industrial uses and areas guided for commercial uses.

Policy 1.2.2

Continue to identify all areas prime for redevelopment and analyze the best use for each property. Work to re-zone these properties and amend this plan as appropriate.

Policy 1.2.3

Increase the number of residential housing units in the City to attract new residents to increase the workforce and thereby improve the local market for commercial and industrial opportunities.

Policy 1.2.4

Actively work to infill vacant land within the Urban Service Area that will be connected to municipal services, while preserving a network of functional ecologic areas.



Policy 1.2.5

Allow for mixed uses within some zoning districts to accommodate commercial, retail and residential uses.

Policy 1.2.6

Discourage “leapfrog” patterns of development on municipal utilities.

OBJECTIVE 1.3

PROTECT AND PRESERVE NATURAL RESOURCES FOR LONG TERM ENVIRONMENTAL SUSTAINABILITY AND THE ENJOYMENT OF RESIDENTS.

Policy 1.3.1

Work with landowners and other governmental entities to either obtain property or ensure protection of natural areas with high ecological value.

Policy 1.3.2

Discourage patterns of development that would stress existing infrastructure and ecosystems.

OBJECTIVE 1.4: USE LAND IN A MANNER THAT ENSURES A HIGH QUALITY OF LIFE FOR RESIDENTS.

Policy 1.4.1

Expand parks, trails, sidewalks and other amenities as the City’s population continues to grow.

Policy 1.4.2

Review and encourage methods of development which promote linkages among residential, civic, commercial, industrial and recreational facilities using trails and sidewalks for safe and enjoyable pedestrian uses and provides pedestrian connections between complementary land uses.

Policy 1.4.3

Review and encourage street and sidewalk designs to provide for easy access by police, fire and ambulance services, school buses, and plowing.

Land Use Plan

The land use plan provides the framework for the growth and development of the City. The land use plan serves as a guide for the character and intensity of development and will be supported by other land use controls and public actions taken pursuant to the Comprehensive Plan.

The land use map appears in Figure 3-2: Future Land Use. The plan illustrated by this map evolved from inputs and evaluations received through the planning process. The Plan builds on the existing community pattern to achieve the desired vision for the future of North Branch. Where the Future Land Use map guides property for something different than the existing zoning, zoning approvals such as variances and conditional use permits should not be considered inconsistent with the comprehensive plan if otherwise deemed appropriate.

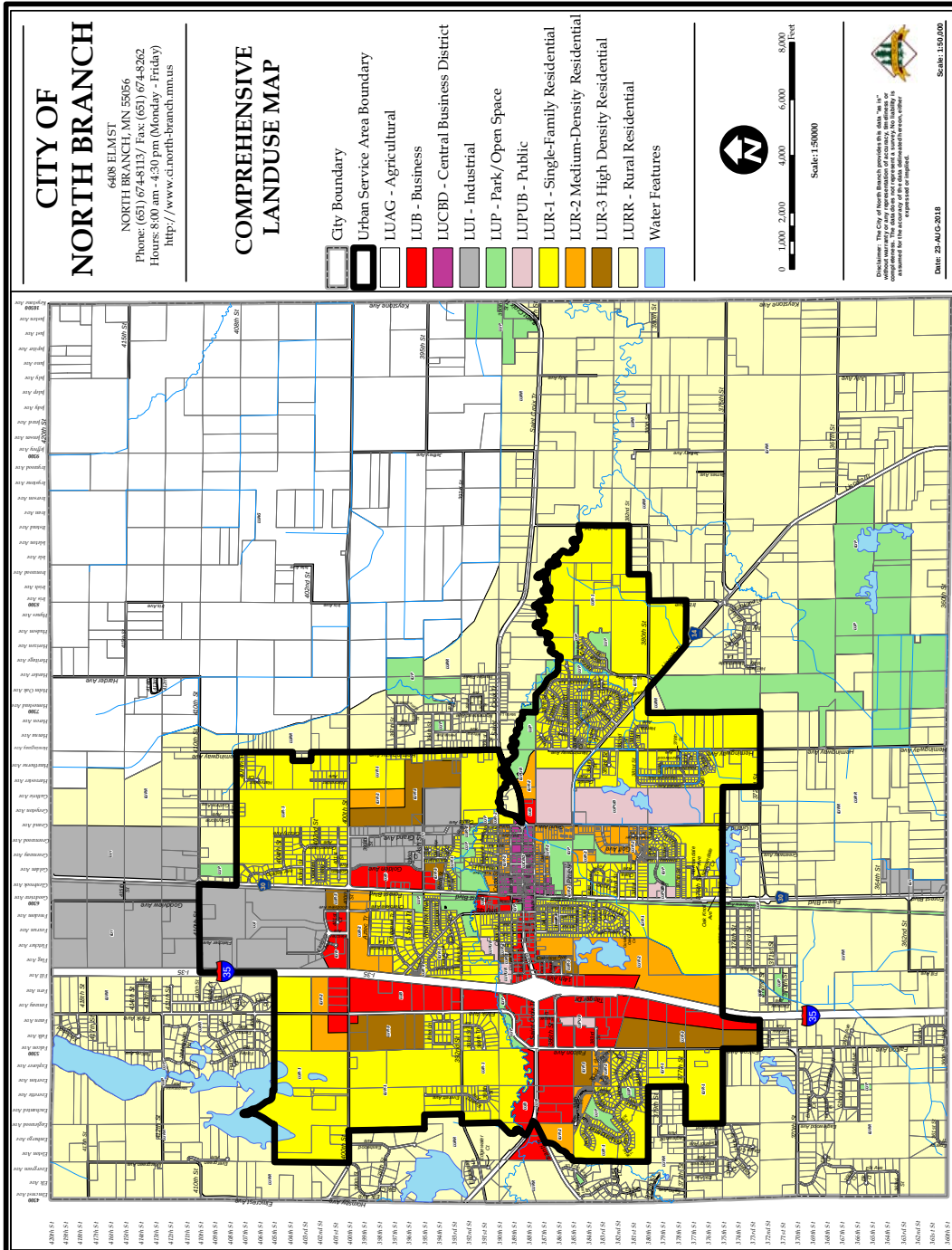
Table 3 – B: Summary of Future Land Use

<i>Future Land Use by Designation</i>	<i>Gross Acres*</i>	<i>Net Percent of City</i>
<i>Agriculture (AG)</i>	5,271.4	22.9%
<i>Rural Residential (RR)</i>	9,992.6	43.3%
<i>Low Density Residential (R1)</i>	3,492.5	15.1%
<i>Medium Density Residential (R3)</i>	577.2	2.5%
<i>High Density Residential (R3)</i>	330.8	1.4%
<i>Central Business District (CBD)</i>	71.4	.3%
<i>General Business District (B)</i>	802.2	3.5%
<i>Industrial District (I)</i>	1,123.7	4.9%

*Gross acres of use determined by GIS mapping data and does not include public and institutional areas which are separately defined under the proposed land use map.



Figure 3-2:
Future Land Use



Residential

Rural Residential

The land use in this category is hobby farms and homes on large lots. The area is outside of the designated Urban Service Area and will be served by wells and individual septic systems. Individual lots must be a minimum size of one acre buildable, and the presence of wetlands and other natural features may result in actual lot sizes much larger than one acre in order to achieve the required one acre buildable standard. This lowest density of residential development is intended to reduce demands on the rural roads and protect the natural resources found in North Branch. The primary zoning district that would generally correspond to this land use designation would be the LURR Rural Residential District.

Low Density Residential

The land use in this category is single-family detached homes served by municipal utilities. This plan anticipates that this is where the majority of new housing units will be added over the next 20 years. One of the biggest strengths of the City of North Branch is its attractiveness to young families. Part of this attraction is due to the anticipated development of quality affordable single-family homes, and the existing parks and trails system, school district and proximity to the metropolitan areas of Minneapolis and St. Paul. Continuing to add new housing units will provide more opportunities for all families to locate in North Branch, while making older housing more affordable. Densities targeted in this category are limited to no more than 4 dwelling units per acre. The primary zoning district that would generally correspond to this land use designation would be the LUR-1 Single Family District.

Medium Density Residential

Medium density residential uses are typically in the form of single family homes on smaller lot sizes, townhomes, duplexes, and small scale apartment and condo buildings and served by municipal utilities. Advantages of these types of housing are that less property maintenance may be required since yards are smaller and some medium density developments may have associations that handle lawn care and snow removal. As a result, these types of housing tend to be very attractive to seniors and professionals. Densities targeted in this category are up to 6 dwelling units per acre. The primary zoning district that would generally correspond to this land use designation would be the LUR-2 Medium Density District.

High Density Residential

The High Density Residential land use category consists of multiple family attached housing oriented in a vertical fashion, more commonly referred to as apartments and condominiums and served by municipal utilities. Housing units may be owner or renter occupied. High density housing is an efficient land use because it contains more dwelling units per acre than other residential uses.

High density residential uses are located in places with compatible adjacent land uses and where the local street system will accommodate the traffic. Ideally, they are located near commercial uses or employment centers to maximize the number of people who can walk or use alternative modes of transportation.

The densities targeted in this category are over 6 dwelling units per acre. The primary zoning district that would correspond to this land use designation would be the LUR-3 High Density Residential.

Agriculture

Agriculture

The city's strong agricultural heritage is clearly visible in the farm fields located in the northeast corner of the city. The fields, bordered by the historic St. Croix River bluff line, are dotted with artesian wells, have deep pockets of organic soils generally not conducive to development, and are linked by a series of more traditional farm style roads. Single family homes are present and seem accessory to the commercial operations of the farms. Non-agricultural uses will be limited and densities targeted in this category are no more than one dwelling unit per 10 acres. The primary zoning district that would correspond to this land use designation would be the LUAG Agriculture.

Commercial

Downtown Business

Although a number of single family homes currently exist in the Central Business District, new residential development should be part of a mixed use plan with a balance of housing and commercial uses within a single building or complex. Replacing single family homes with mixed use structures and redeveloping existing commercial buildings will help support a healthy business environment and allow more people to be able to walk to their destinations.

Buildings should be located close to the street but with ample space for sidewalks. Parking should generally remain in the rear of the property when on-premise parking is offered. Streetscape improvements that enhance the pedestrian realm, such as planters, hanging baskets, street trees, outdoor seating, public art, street lighting, should be prioritized here. The City should continue to work with business owners and encourage façade improvements by connecting them to grant and funding opportunities. The primary zoning district that would correspond to this land use designation would be the LUCBD Central Business District.

General Business

The General Business guiding designation allows a wide variety of uses including those for convenience oriented, neighborhood-oriented, community-oriented and bulk retail-oriented markets and consumers. These areas provide a wide range of goods and services to serve many of the shopping and dining needs of people who live, work in or visit the City. Certain commercial uses, such as those devoted to motor vehicle-oriented retail or service activities (e.g., vehicle service and fuel sales, drive-through businesses and sales of motor vehicles) depend on access to major transportation routes and often have characteristics that are incompatible with residential areas. Other commercial uses, such as those involving wholesale and retail trade of large volume or bulk commercial items with on-site storage and warehousing, may have both commercial and industrial characteristics.

This guiding designation also allows a variety of uses including professional offices, administrative offices, research and laboratory facilities, wholesale showrooms, service facilities (e.g., conference

centers, lodging and reception halls), and business uses having limited contact with the general public. These areas may provide for limited retail sale of convenience-type products and services for the immediate surrounding area.

Commercial uses in this classification are expected to develop with the highest standards of design and performance, with a higher level of amenities such as landscaping, preservation of natural features, architectural controls, pedestrian trails and other features. Office parks and campus-style developments are encouraged in these areas. Commercial office uses can also serve as, and provide for, an orderly and progressive transition between higher and lower intensity land uses. Locations adjacent to the Central Business District, TH95 and I35 may be subject to stricter design standards so as to achieve an attractive, inviting and high quality retail shopping and commercial services in areas of high visibility and sensitivity to surrounding uses. The primary zoning district that would correspond to this land use designation would be the LUB General Business District.

Industrial

Industrial uses include all forms of businesses with manufacturing, distribution, warehousing or other industrial uses that may have consequences typically associated an industrial activity such as noise, odor, dust or low quality aesthetics. As a result, when these uses are in close proximity to residential, park and open space uses, additional restrictions may be appropriate. These uses may generate truck traffic and may involve outdoor storage. Locations adjacent to residential uses, I35, TH95 or other high visibility areas may be subject to additional design standards. The primary zoning district that would correspond to this land use designation would be the LUI Industrial District.

Public/Institutional

Public, semi-public or institutional uses are comprised of churches, schools, city offices, public works facilities, fire stations, public utilities, and other governmental or non-profit entities. This use may also include parks, designated open spaces and regional storm water management, such as publicly maintained storm water management ponds. This land use classification is intended to differentiate these sites as providing a common amenity or service and not land that is intended to be developed. The primary zoning district that would correspond to this land use designation would be the LUPUB Public/Institutional District.

Required Zoning Changes

The City has adopted zoning regulations for the purpose of carrying out the policies and goals of the land use plan element of the Comprehensive Plan. The application of zoning districts and the specific regulations should support the objectives of the Plan. As a result, an outcome of adopting the plan will be the review and modification of the Zoning Ordinance and Zoning Map as necessary.

The land use plan provides the basis for guiding zoning decisions that will be made by the City and private property owners. Minnesota Statutes Section 462.357 states that “.....the planning agency shall study and propose to the governing body reasonable and practical means for putting the plan into effect. Subject to the limitations of the following sections, such means include, but not limited to, zoning regulations, for the subdivision of land, an official map.....” This statute anticipates that the

zoning regulations will be reviewed and updated to ensure implementation of the land use plan. In a broad sense, this review of the zoning ordinance should examine the following:

- The regulations for each zoning district should be reviewed to determine if they fit with the intent of the Comprehensive Plan.
- Zoning districts should be examined in relationship to the land use designation. Changes in zoning districts may be needed to match zoning with land use.
- The City will need to thoroughly review and update its Ordinances to address inconsistencies and conflicts to integrate the concepts described in this Comprehensive Plan. Updating the Zoning Ordinance will be a large undertaking that will require significant input, time and energy.

One of the policy decisions the City will need to make is how to implement the land use plan through the zoning map. Unlike the Metropolitan Land Planning Act (Minnesota Statutes Section 473), which requires consistency between the land use plan and zoning in cities within the Twin Cities metropolitan area, North Branch may choose to take a number of implementation strategies. Each has varying implications for existing property uses and current zoning. The strategies include, but are not limited to, the following:

- Keep current zoning in place until such time as the use terminates or redevelopment is initiated.
- Rezone property to a zoning district compatible with a land use plan category.
- Develop an interim strategy to address current use situations as they relate to long term objectives.



4

HOUSING

Introduction

Housing is an important component of all communities. Not only do the quality, availability, affordability, and diversity of housing enhance the quality of life in the City, it also supports economic development and contributes to a community's sense of place.

Housing is not a single, one size fits all, commodity. Personal housing needs change as life passes from young, single adults to family, to empty nesters to elderly. This chapter provides an inventory and analysis of North Branch's existing housing and paints a broad picture of future residential development.

North Branch has experienced significant population growth since 2000. The US Census estimated the city's population at 8,023 in 2000 and 10,125 in 2010, representing a 26.2% increase. The Minnesota State Demographer estimates North Branch's population at 10,608 as of April 1, 2017, representing another increase in population of approximately 5% despite the effects of the recession. The population is expected to continue to increase over the next 10 years, resulting in a projected population of 11,934 by 2030, with the 75-84 age group growing the fastest, at a projected rate of 40% according to the recent Maxfield Research and Consulting Comprehensive Housing Needs Analysis for Chisago County, dated June, 2018 (the "Maxfield Study"). Over this same period of time, the number of households has grown from 2,815 in 2000, 3,604 in 2010 and 3,801 as of 2017 and the projected number of households is 4,276 by 2030.

Housing Supply

Quantity and Types of Housing Units

As of April 1, 2017, the number of households is estimated at 3,801 according to the state demographer's office. Data describing the household type, as shown in Table 4-A, is based on data available as an estimate. Refer to Table 4-A: Housing Supply by Type, for more information.

Table 4-A Housing Supply by Type/Units Per Structure	Number Units	Percentage of units
Single-Family detached	3,040	80%
Single-Family Attached	164	4%
2-4 Unit multi-family	129	3%
5 + Unit multi-family	305	8%
Mobile home	177	5%
TOTAL UNITS	3815	100%

By US Census 2016

Comparison of Owner-Occupied and Renter-Occupied Units

It is important for communities to have a mixture of both owner-occupied and renter-occupied units. In general, many communities strive to have roughly 65-70% of their housing units owner-occupied. As of 2016, approximately 84.1% of the housing units in North Branch were owner-occupied, significantly higher than the national average (63.6%).

Table 4-B Housing Tenure by occupied	Number Units	Percentage of units
Owner-Occupied	3094	84.10%
Renter-Occupied	585	15.90%
TOTAL	3679	100%

By US Census 2016

According to the US Census Bureau, the median gross rent (2012 - 2016) was \$872.00. Refer to Table 4-C: Rental Rates - 2016, for additional information.

Table 4-C Occupied Units Paying Rent - 2016	Number Units	Percentage of units
Less than \$500	53	9%
\$500 to \$999	313	54%
\$1,000 to \$1,499	165	29%
\$1,500 to \$1,999	24	4%
\$2,000 to \$2,499	7	1%
\$2,500 to \$2,999	0	0%
\$3,000+	13	2%
TOTAL	575	100%
Median Dollars	\$872	

By US Census 2016

Few owner occupied houses are sold and converted to rentals, leaving a significant shortage of single family homes for rental. In addition, the existing multi-tenant properties experience a very low vacancy rate. The Maxfield Study (as commissioned by the Chisago County HRA/EDA in 2018) estimated the rental vacancy rate for North Branch and the immediate surrounding area at 2.4%. The US Census data from 2016 estimates the vacancy rates for North Branch specifically at 1.2% for owner occupied homes and 0% for rental units. Policies encouraging and promoting rental housing, whether traditional apartment style or via townhome-style construction, targeting all age groups and incomes, should be considered.

Value of Housing

According to the US Census Bureau, the median value of owner-occupied housing units in North Branch (2012 - 2016) was \$163,000. Refer to Table 4-D: Owner- Occupied Housing by Value, for additional information. According to the US Census Bureau, a median selected monthly owner cost with a mortgage (2012 - 2016) was \$1,500.00 and median selected monthly owner costs without a mortgage (2012 - 2016) was \$500.00.

Table 4 - D Owner-Occupied Housing Units by Value	Number Units	Percentage of units
Less than \$50,000	151	5%
\$50,000 to \$99,999	236	8%
\$100,000 to \$149,999	823	27%
\$150,000 to \$199,999	959	31%
\$200,000 to \$299,999	673	22%
\$300,000 to \$499,999	210	7%
\$500,000 to \$999,999	25	1%
\$1,000,000 +	17	1%
TOTAL	3094	100%
Median Dollars	\$163,000	

By US Census 2016

Residential Construction

1,219 new housing units were added in North Branch between 2000 and 2017. This includes 80 multifamily units and 1,139 single family homes.

At the peak of the past 18 years (from 2000 - 2005), single family home construction averaged about 150 homes per year. During the early years of the recession (from 2006 - 2011), the average number of new homes was only 13 homes per year, meaning some new housing growth, but in very limited numbers. The last 6 years of this period (from 2012 - 2017) has seen on average 41 new homes per year, demonstrating that North Branch remained a viable new housing market when other communities saw little or no growth for the past ten years.

Table 4-E Building Permit Trends 2000 thru 2017

Year	Single Family Dwellings	Multi-Family Dwellings	TOTAL
2000	200		200
2001	156		156
2002	132	24	156
2003	153		153
2004	87	56	143
2005	90		90
2006	29		29
2007	27		27
2008	8		8
2009	5		5
2010	2		2
2011	5		5
2012	31		31
2013	41		41
2014	36		36
2015	45		45
2016	50		50
2017	42		42

Tenure by Age of Householder

Demand is great for affordable owner-occupied homes. Demand overall is calculated for approximately 1,000 new for-sale units over the next 10 years. Existing lot supply is low, therefore new lots will need to be platted soon to meet the growing demand for new construction over the next decade. Price points to accommodate a range of incomes and desired amenities will need to be balanced and future new housing inventory should be offered in a variety of layouts and styles, at a variety of different prices, and in locations throughout the city to address demand from all age groups and income brackets.

The city has a relatively small number of senior housing facilities, with a county wide vacancy rate of 1.7% based on the Maxfield Study. The Maxfield Study also indicated that market equilibrium is typically 3%. Consequently, the Maxfield Study concluded that there is a strong demand for senior housing (2017 - 2030), with the majority of demand in the form of independent/active living housing (i.e. no services). The Maxfield Study recommended several new senior housing concepts including a senior co-operative, active adult rental, affordable rental, independent living with some services, a memory care units.

Life-Cycle Housing and Profile of Households

The housing needs of a community relate to the demographic profile of the household. Typically,



*The City of North Branch
has a high quality
housing stock and
variety of affordable
options that allow
residents to find housing
at all stages of life.*

households move through several life-cycle stages; including entry-level households, first time homeowners, move-up buyers, empty nesters/young seniors, and older seniors. The following describes each of these household types and the effect that they have on housing demands in North Branch.

ENTRY-LEVEL HOUSEHOLDS

People in the 19 to 24 year old age group typically leave their childhood home and establish their own household. They often rent a house or an apartment because they generally do not have the income and savings needed to buy a home. In addition, many people in this age group move frequently, so they are hesitant to buy a house. They are also more apt to share housing with other unrelated people of similar age.

The entry-level household population in North Branch will fluctuate annually. Many North Branch residents that graduate from high school move to other communities to attend a university or to pursue other job opportunities. In the long term, unless current conditions and trends change, North Branch will not see a significant increase in the 19 to 24 year old age group.

FIRST TIME HOMEOWNERS

First time homeowners are typically in their 20s and 30s. They are usually “move-up” renters, meaning they “move up” from an apartment to a home. They are often married with young children and prone to moving within a few years of buying their first home for several reasons; including, increased salaries allowing them to move to more expensive housing, an increased number of children may require larger housing, and job opportunities may require that they move to another community.

MOVE-UP BUYERS

Move-up buyers are typically in their 30s and 40s. They move up from the smaller, less expensive house that they had purchased earlier. From an economic growth perspective, this is an important age group of people.

Typically, move-up buyers have children in school and an established job. They are less apt to move to another community and start over. Also, professionals who are moving to a community to advance their career are generally looking to move to a more expensive house than what they had in their previous community. North Branch should continue to ensure that it has adequate choices for those who are looking for move-up housing that will satisfy their needs until they are in their late 50s and beyond.

EMPTY NESTERS AND YOUNG SENIORS

Empty nesters and young seniors are generally in their 50s and 60s. Often, their children have moved out of their house and left them with a larger house than needed. Empty nesters

and young seniors often want to live in a smaller house, like a townhouse, that has less maintenance. As the baby boom generation moves into this age group, this population will likely increase in North Branch and there may also be a shift in this population group from their homes into apartments. There has already been a notable increase in demand for apartment and townhome style rentals in North Branch by members of the baby boom generation.

ADVANCED SENIORS

Those in their 80s and older are often looking for low maintenance or assisted living housing. As the population ages, North Branch should continually ensure that it has adequate housing to meet the needs of seniors, including the opportunity for multi-generational housing options, such as “senior or mother-in-law apartments”.

SPECIAL NEEDS

Housing for those with special needs includes housing for older adults and individuals with mental and/or physical disabilities or health issues whether it be temporary care, transitional housing, or long term care. The number of people with special housing needs is expected to increase as the population of North Branch continues to age. Ecumen offers a range of housing options at its North Branch facility. Bickford of North Branch offers assisted living and memory care. Apartment complexes including Shields Plaza and Splittstoser Apartments are tailored to the 55+ population and those needed wheel chair accessibility. A new supportive housing, 20 unit apartment complex intended for individuals with mental illness, called Willow Grove, is in development and construction is anticipated in 2019. North Branch is also home to Karcher Services, Provide Care and Progressive Living Solutions that offer a variety of care options.

Affordable Housing

The United States Department of Housing and Urban Development (HUD) generally defines housing as affordable if it costs less than thirty (30) percent of a household’s income. However, HUD’s Section 8 Income Guidelines are the basis for most affordable housing programs. Section 8 guidelines define low and moderate incomes on a sliding scale, depending on the number of persons in the family. For example, a four person household is considered “moderate income” if their family income is eighty (80) percent of the area’s median family income.

It is noted most housing affordability programs and data place emphasis on creating owner-occupied units at eighty (80) percent of the median family income (moderate income) and rental units at fifty (50) percent of the median family income (low income). Since low income persons are typically renters, the definition of “low income” is tied to the number of persons in each unit. This plan identifies “affordable owner occupied units” as those affordable for moderate income families (eighty (80) percent of median income). Affordable rental units are based on fifty (50) percent of the median income and reflected on a per capita and per family basis. While there are no units of designated as “subsidized” under HUD standards, there are 49 housing units that are subsidized under the USDA subsidy program in North Branch.

A new 48 unit, townhome style, affordable housing project is planned for construction in 2019. This workforce rental housing project will feature homes with 1 – 3 bedrooms, garages and on-site management an amenities.

Income by Age of Householder in North Branch.

Looking at income data is also important when predicting future housing demands in the City of North Branch. As of 2000 US Census, the median household income was \$50,924. By 2016, the median household income increased to approximately \$69,419 and the top employment industries, according to Data USA (2016), are health care and social service (912), manufacturing (680) and construction (656). The total population in 2017 age 16 and over was approximately 7,690, of which approximately 71.6% were considered to be in the labor force (US Census). The unemployment rate in the City of North Branch in September 2015 was approximately 3.4%. During this same time, Minnesota had an unemployment rate of about 3.2% (City-Data.com).

Income distributions as reported by the U.S. Census Bureau can be compared to affordability standards to determine how many households and families in the City of North Branch may require affordable housing. An estimated 1,144 households (30%) have annual household incomes of less than 80% of the median household income reported by the American Community Survey in 2016.

Table 4 - F Household income and benefits	Number Units	Percentage of units
Less than \$10,000	214	6%
\$10,000 to \$14,999	147	4%
\$15,000 to \$24,999	128	3%
\$25,000 to \$34,999	306	8%
\$35,000 to \$49,999	349	9%
\$50,000 to \$74,999	921	25%
\$75,000 to \$99,999	754	20%
\$100,000 to \$149,999	631	17%
\$150,000 to \$199,999	199	5%
\$200,000 +	30	1%
TOTAL HOUSEHOLDS	3679	100%
Median Household Income (dollars)	\$ 69,419.00	
Mean Household Income (dollars)	\$ 73,436.00	

By US Census Bureau, 2012-2016 American Community Survey

Table 4 -G Owner Monthly Costs as Percent of Household Income - 2016	Number Units	Percentage of units
Less than 20.0%	810	34%
20.0 to 24.9%	677	28%
25.0 to 29.9%	223	9%
30.3 to 34.9%	233	10%
35.0 % +	461	19%
Total	2404	100%

By US Census 2016

Table 4-H Gross Rent as a Percentage of Household Income	Number Units	Percentage of units
Less than 15%	58	10%
15.0 to 19.9%	37	6%
20.0 to 24.9%	50	9%
25.0 to 29.9%	23	4%
30.0 to 34.9%	88	15%
35.0% +	319	55%
Total	575	100%

By US Census 2016

Future Population and Household Projections

The future housing projections reported in the Maxfield Study assume that approximately 1,000 new housing units are needed to be constructed over the next 10 years to address pent up demand. The City recognizes that there are many factors and demographic trends that influence the number of housing units constructed and household size and that these numbers will likely change from year to year.

Vision for Housing

The City of North Branch has a high quality housing stock and variety of affordable options that allow residents to find housing at all stages of life. Quality housing is available for all income and age ranges. Existing homes have been well maintained and renovated, as the unique character of each neighborhood is preserved. The City is open to creatively seeking opportunities to meet our housing needs and responsibly providing our share of affordable housing. Housing in North Branch continues to be a strength in attracting young families to the area and supporting the desires of existing residents to find alternative housing options for their senior years that allows them to transition from their large single family homes into something more manageable with the amenities they desire all while remaining in North Branch.

Goals, Objectives, and Policies

The following is a series of goals, objectives, and policies intended to achieve the vision for housing stated above.

OBJECTIVE 1.1

PROVIDE A FULL RANGE OF HOUSING CHOICES THAT MEET RESIDENTS' NEEDS AT EVERY STAGE OF THEIR LIVES.

Policy 1.1.1

Attract a variety of residential developers to ensure a diversity of housing styles, layouts and costs.

Policy 1.1.2

Provide a variety of different residential zoning districts that have varying regulations with regard to setbacks, height, density, lot coverage and possible opportunity for accessory dwelling units.

Policy 1.1.3

Ensure that land is available in applicable zoning districts to allow for senior living options for all abilities (independent to assisted).

Policy 1.1.4

Encourage projects that include amenities to build and encourage active lifestyles.

OBJECTIVE 1.2

PROVIDE QUALITY AND SUFFICIENT AFFORDABLE HOUSING THAT MEETS THE AREA'S DEMAND.

Policy 1.2.1

Work with developers on providing affordable market rate housing.

Policy 1.2.2

Develop policies for naturally occurring affordable multi-family housing that encourage the maintenance and upgrading of aging apartment buildings, while maintaining affordability and preventing displacement of residents.

Policy 1.2.3

Promote additional housing diversity to serve families at all stages of their life cycle through housing finance programs and possible public-private partnerships.

GOAL 1

Allow all people the opportunity to call North Branch their home.



GOAL 2

Provide attractive and desirable residential properties.

OBJECTIVE 2.1

PROVIDE RESIDENTIAL NEIGHBORHOODS THAT ARE WELL DESIGNED.

Policy 2.2.1

For new development or redevelopment, consider streetscape improvements such as attractive street lighting, boulevards, sidewalks on at least one side of the street, landscaping and vegetation, and other amenities that enhance the visual appearance of neighborhoods. Consider similar opportunities in existing neighborhoods as street reconstruction projects occur.

Policy 2.2.2

Seek opportunities to provide additional green space and recreation amenities in residential areas that may be lacking them.

Policy 2.2.3

Promote moderate and higher density housing, such as apartment style and townhome style units, in areas where appropriate, such as within and near downtown, commercial areas, and along arterial roadways. Promote development practices that result in low traffic volumes near low density residential areas.

Policy 2.2.4

Promote residential development that occurs in an orderly manner consistent with the future land use plan and that makes efficient and responsible use of municipal utilities and infrastructure expansion and incentivizes (for example, through access to technical assistance) construction of more energy efficient and water efficient housing).

Policy 2.2.5

Implement housing codes and support programs which lead to a housing stock that reflects the City's commitment to sustainability and healthy living.



5

ECONOMIC DEVELOPMENT

Introduction

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

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

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

Inventory and Analysis

Existing Characteristics of the Economy

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

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

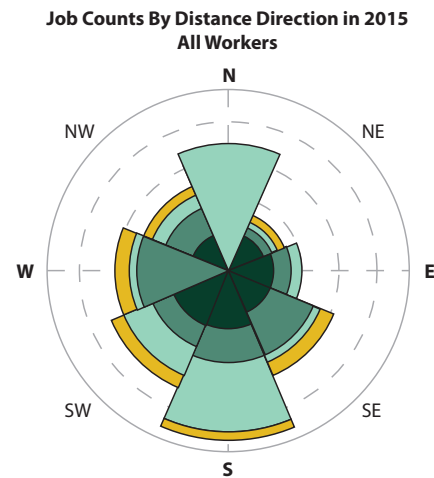
Table 5 –A Business and Employment Statistics

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

Commuting

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

Figure 5-1: Commute Distances



Jobs by Distance | Work Census Block to Home Census Block

2015

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

Finance Tools

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

- Financial resources are limited. The city has limited funding to apply to community development initiatives, so the use of resources must be targeted to achieve the greatest effect on community needs.
- Financial decisions require a long-term perspective. The current use of financial resources may reduce monies available in the future. In evaluating short-term opportunities, it is important to question the long-term impact on community development.
- Public funds should lead to private investment. While this section focuses on public finance actions, the Comprehensive Plan cannot become reality without private investment. The use of public funds should be targeted to actions that encourage private investment in North Branch.

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

Tax Increment Financing

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

Tax Abatement

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

Special Assessments

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

Grant Programs

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





A significant number of North Branch residents commute to work, but have indicated via survey and other tools, that they would prefer to work in the city if comparable jobs were available.

GOAL 1

Encourage economic growth to meet the demand for commercial and industrial development.

Vision for Economic Development

The City of North Branch will remain focused on retaining a high quality of life, while at the same time working to encourage and facilitate job growth in its commercial and industrial sectors.

Goals, Objectives, and Policies

The following section outlines the primary goals for economic development, followed by a series of objectives and policies intended to influence future economic development efforts that align with the community visions in this plan.

OBJECTIVE 1.1

DEVELOP THE INTERSTATE BUSINESS PARK.

Policy 1.1.1

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

Policy 1.1.2

Actively target companies, both large and small, that offer good employment prospects, draw from the local labor pool, and are good corporate citizens.

Policy 1.1.3

Work to maintain a labor force in the immediate area that supports the growth of business and industry in the Interstate Business Park, including but not limited to expanding the inventory of affordable housing, providing transportation alternatives and encouraging expansion of services.

Policy 1.1.4

Coordinate with stakeholders and regional partners to identify users of rail and support development of rail spur adjacent to the Interstate Business Park.



OBJECTIVE 1.2

REVITALIZE THE HISTORIC DOWNTOWN AREAS OF NORTH BRANCH.

Policy 1.2.1

Address unique development challenges including the reuse and redevelopment of vacant buildings in the historic downtown areas.

Policy 1.2.2

Explore and implement plans to enhance pedestrian friendly features, promote available parking, and collaborate with Minnesota Department of Transportation to establish safe pedestrian crossings at intersections within the downtown area.

GOAL 2

Balance the use of undeveloped land and infill development throughout the City.

OBJECTIVE 2.1

CONTINUE AND EXPAND REDEVELOPMENT EFFORTS.

Policy 2.1.1

Foster private investment and economic activity without compromising community objectives to maintain and enhance North Branch's natural environment.

Policy 2.1.2

Promote the areas north of TH95 as being designated for Opportunity Zone tax treatment to further enhance private investment in those areas.



OBJECTIVE 3.1

RETAIN AND SUPPORT LOCAL BUSINESS AND INDUSTRY.

Policy 3.1.1

Set attracting new, and retention of existing, businesses and industries as a priority of the City's economic development plan.

Policy 3.1.2

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

Policy 3.1.3

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

Policy 3.1.4

Continue to promote North Branch's high quality of life as a means to help attract new businesses and industries.

Policy 3.1.5

Continue to work with local businesses and industries to ensure needs for expansion and development are adequately met.

Policy 3.1.6

Pursue ways to streamline the development approval process while still maintaining high quality development standards, by using consistent work flow practices, checklists, and hosting developer information sessions regularly.

Policy 3.1.7

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

GOAL 3

Enhance North Branch's reputation as a resource to new and expanding businesses.



6

TRANSPORTATION

Introduction

The purpose of the Transportation chapter of the Comprehensive Plan is to provide guidance to the City of North Branch, as well as existing and future landowners in preparing for future growth and development. As such, whether an existing roadway is proposed for upgrading or a land use change is proposed on a property, this Plan provides the framework for decisions regarding the nature of roadway infrastructure improvements necessary to achieve safety, adequate access, mobility, and performance of the existing and future roadway system. The primary goal of this Plan is to establish local policies, standards, and guidelines to guide major transportation investments and policy decisions.

Transportation System Principles And Standards

The transportation system principles and standards included in this Plan create the foundation for developing the transportation system, evaluating its effectiveness, determining future system needs, and implementing strategies to fulfill the goals and objectives identified.

Functional Classification

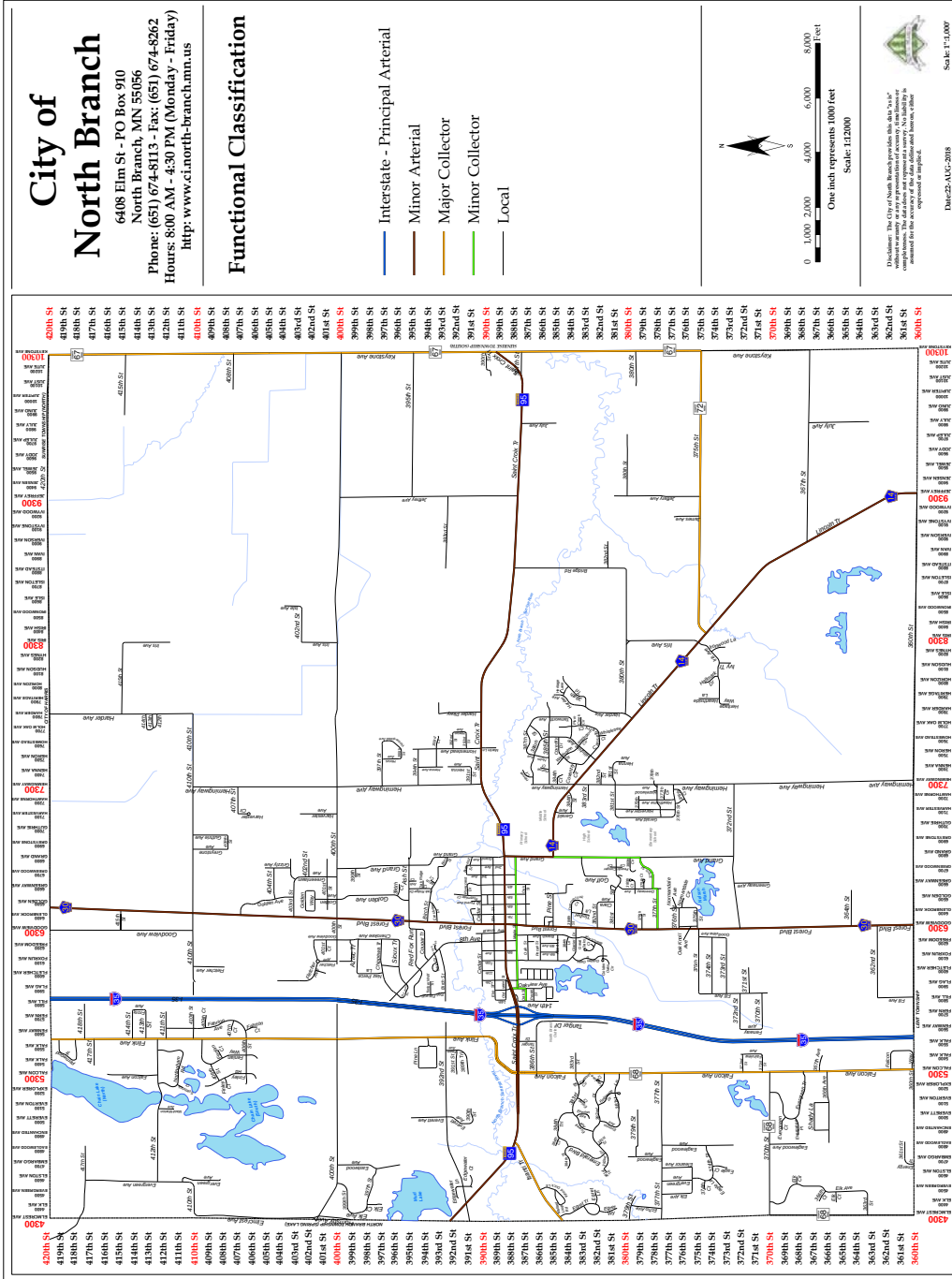
It is recognized that individual roads and streets do not operate independently in any major way. Most travel involves movement through a network of roadways. It becomes necessary to determine how this travel can be channelized within the network in a logical and efficient manner. Functional classification defines the nature of this channelization process by defining the part that any particular road or street should play in serving the flow of trips through a roadway network. Functional classification is the process by which streets and highways are grouped into classes according to the character of service they are intended to provide. Functional classification involves determining what functions each roadway should perform prior to determining its design features, such as street widths, speed, and intersection control.

The Minnesota Department of Transportation (MnDOT) has developed definitions and criteria for roadway classification based on function. The functional classification system typically consists of four major classes of roadways: Principal Arterials, Minor Arterials, Major Collectors, and Minor Collectors. Roadways are classified as either arterials, collectors, or local streets based on several criteria including (but not limited to) geographic units connected, types of streets connected, length of trip served, distance between streets of the same classification, volume of traffic carried by the facility, speed limit and design (right-of-way width and access provisions).

This Plan provides the framework for decisions regarding the nature of roadway infrastructure improvements necessary to achieve safety, adequate access, mobility, and performance of the existing and future roadway system



Figure 6-1:
Functional Classification
Map



The existing roadway classifications in North Branch are described below.

A. PRINCIPAL ARTERIALS

Roadways of this classification typically connect large urban areas to other large urban areas or they connect metro centers to regional business concentrations via a continuous roadway without stub connections. They are designed to accommodate the longest trips. Their emphasis is focused on mobility rather than access. They connect only with other Principal Arterials, interstate freeways, and select Minor Arterials and Collector Streets. There is one Principal Arterial roadway in the City of North Branch, Interstate 35 that runs north/south through the state of Minnesota and extending to Texas.

B. MINOR ARTERIALS

Roadways of this classification typically link urban areas and rural Principal Arterials to larger towns and other major traffic generators capable of attracting trips over similarly long distances. Minor Arterials service medium length trips, and their emphasis is on mobility as opposed to access in urban areas. They connect with Principal Arterials, other Minor Arterials, and Collector Streets. Connections to Local Streets should be avoided if possible. Minor Arterials are responsible for accommodating thru-trips, as well as trips beginning or ending outside the North Branch area. Minor Arterial roadways are typically spaced approximately ½ to 1 mile in developed areas and approximately 1 to 2 miles in developing areas. TH95, which runs east-west from the Wisconsin boarder on the east end and St. Cloud on the west end, Chisago County Rd. 14 and Chisago County Rd. 30 are identified as Minor Arterial roadways in North Branch.

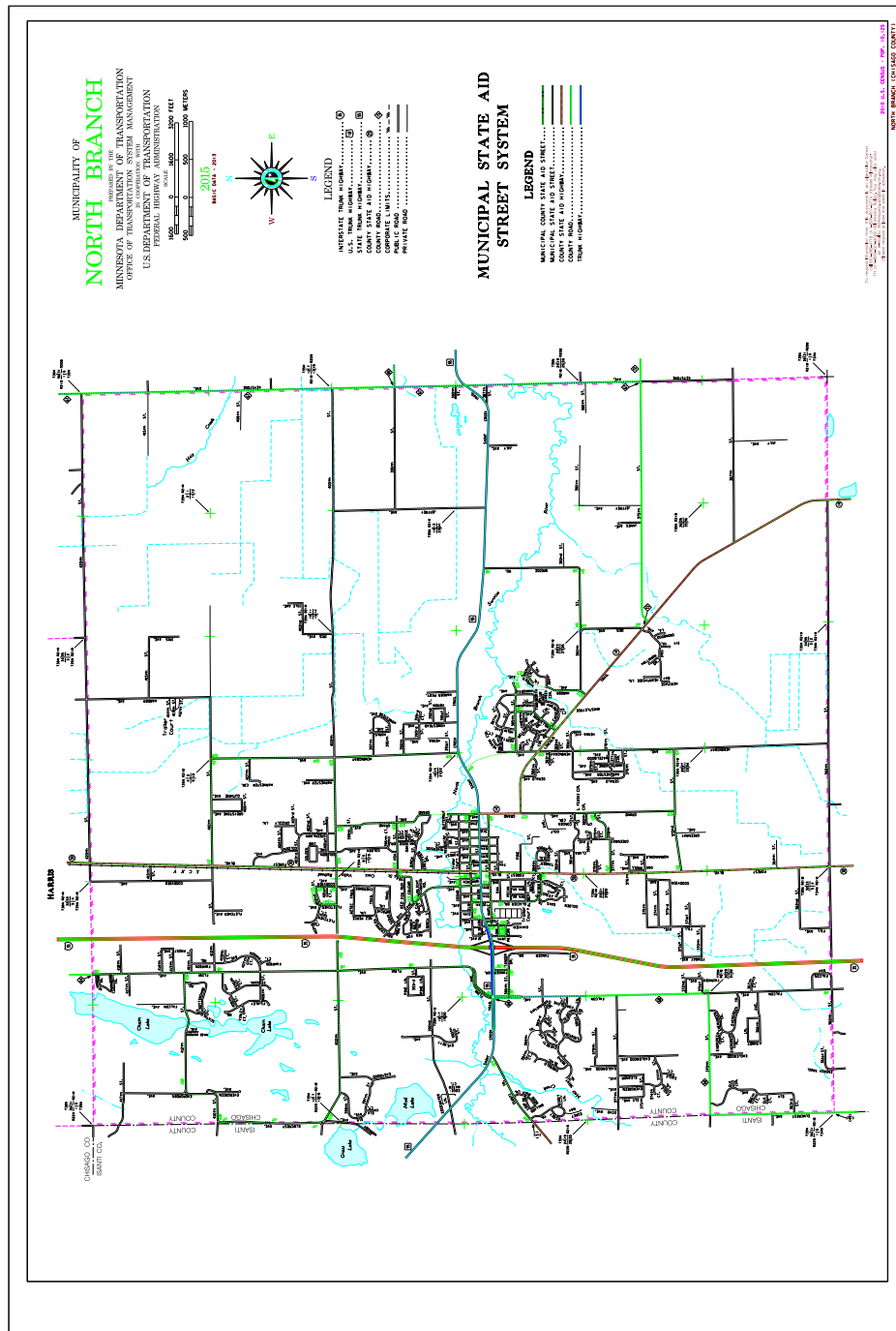
C. MAJOR COLLECTORS

Roadways of this classification typically link neighborhoods together within a city or they link neighborhoods to business concentrations. In highly urban areas, they also provide connectivity between major traffic generators. A trip length of less than 5 miles is most common for Major Collector roadways. A balance between mobility and access is desired. Major Collector street connections are predominately to Minor Arterials, but they can be connected to any of the other four roadway functional classes. Local access to Major Collectors should be provided via public streets and individual property access should be avoided. Generally, Major Collector streets are predominantly responsible for providing circulation within a city. However, the natural features associated with wetland and drainage complexes and parks, and location of principal arterials through the community results in circulation within North Branch being reliant on a combination of the Minor Arterial and Major Collector roadways. Major Collectors are typically spaced approximately ¼ to ¾ mile in developed areas and approximately ½ to 1 mile in developing areas. Flink Ave., Falcon Ave., portions of Keystone and Chisago County Rd. 72, and Isanti Trail are functionally classified as Major Collector roadways in the North Branch area.

D. MINOR COLLECTOR STREETS

Roadways of this classification typically include city streets and rural township roadways, which facilitate the collection of local traffic and convey it to Major Collectors and Minor Arterials. Minor Collector streets serve short trips at relatively low speeds. Their emphasis is focused on access rather than mobility. Minor Collectors are responsible for providing connections between neighborhoods and the Major Collector/Minor Arterial roadways. These roadways should be designed to discourage short-cut trips through the neighborhood by creating jogs in the roadway (i.e. not direct, through routes). Portions of Oakview, Oak, Maple, Grand, 378th, 377th and Greenway are functionally classified as Minor Collector roadways in the North Branch area.

Figure 6-2:



Roadway Capacity

Capacities of roadway systems vary based on the roadway’s functional classification. Based on accepted standards, roadway capacity per lane for divided arterials is 700 to 1,000 vehicles per hour and 600 to 900 vehicles per hour for undivided arterials. These values tend to be around 10% of the daily physical roadway capacity.

Principal and Minor Arterials

Based on the per lane capacity figures cited above, a two-lane arterial roadway has a daily capacity of 12,000 to 18,000 vehicles per day, a four-lane divided arterial street has a daily capacity of 28,000 to 40,000 vehicles per day, and a four-lane freeway has a daily capacity of approximately 70,000 vehicles per day. The variability in capacities are directly related to many roadway characteristics including access spacing, traffic control, adjacent land uses, as well as traffic flow characteristics, such as percentage of trucks and number of turning vehicles. Therefore, it is important that the peak hour conditions are reviewed to determine the actual volume-to-capacity on roadway segments with average daily traffic volumes approaching these capacity values.

Major Collectors and Minor Collector Streets

Major Collector and Minor Collector streets have physical capacities similar to those of a two-lane arterial street, however the acceptable level of traffic on a residential street is typically significantly less than the street’s physical capacity. The acceptable level of traffic volumes on Major Collectors and Minor Collector streets vary based on housing densities and setbacks, locations of parks and schools, and overall resident perceptions. Typically, traffic levels on Major Collector streets in residential/ educational areas are acceptable when they are at or below 50% of the roadway’s physical capacity, resulting in an acceptable capacity of 6,000 to 9,000 vehicles per day. Acceptable traffic levels on Minor Collector streets are considerably less. Typically, a daily traffic volume of 1,000 to 1,500 vehicles per day is acceptable on Minor Collector streets in residential areas.

Table 6-A: Roadway Types and Capacities, identifies various roadway types and the estimated daily capacities that the given roadway can accommodate.

Table 6-A: Roadway Types and Capacity	
Roadway Type	Daily Capacities
Minor Collector Street	Up to 1,000
Urban 2-Lane	7,500 - 12,000
Urban 3-Lane or 2-Lane Divided	12,000 - 18,000
Urban 4-Lane Undivided	Up to 20,000
Urban 4-Lane Divided	28,000 to 40,000
4-Lane Freeway	Up to 70,000

The capacity of a transportation facility reflects its ability to accommodate a moving stream of people or vehicles. It is a measure of a supply side of transportation facilities. Level of Service (LOS) is a measure of the quality of flow. The concept of LOS uses qualitative measures that characterize

operational conditions with a traffic stream and their perception by motorists. Six LOS are defined for roadways. They are LOS A, B, C, D, E, and F. LOS A represents the best operating conditions and LOS F represents the worst. The LOS of a multilane roadway can be dictated by its volume-to-capacity (v/c) ratio. The LOS of a two-lane roadway is defined in terms of both percent time-spent-following and average travel speed. LOS F is determined when v/c ratio is over 1.00. The criteria for LOS and general v/c ratio for multilane highways and speed for two-lane highways are provided in Table 6-B below:

Table 6-B: Highway Level of Service		
LOS	Multilane	Two-Lane
	v/c Ratio	Avg. Travel Speed (mph)
A	<0.28	>55
B	>0.28 - 0.45	>50-55
C	>0.45 - 0.65	>45-50
D	>0.65 - 0.86	>40-45
E	>0.86 - 1.00	≤40
F	> 1.00	v/c >1.00

For roadways in urban sections, the urban street class and average travel speed determine the LOS. This is generally similar to the LOS for two-lane highways but takes into account the free flow speed of the facility (average speed achieved with no other vehicles present on roadway) and the addition of traffic control.

This criterion is established in Table 6-C below:

Table 6-C: Urban Street Level of Service				
Range of Free-Flow Speed	55 to 45	45 to 35	35 to 30	35 to 25
LOS	Avg. Travel Speed (mph)			
A	>42	>35	>30	>25
B	>34-42	>28-35	>24-30	>19-25
C	>27-34	>22-28	>18-24	>13-19
D	>21-27	>17-22	>14-18	>9-13
E	>16-21	>13-17	>10-14	>7-9
F	≤16	≤13	≤10	≤7

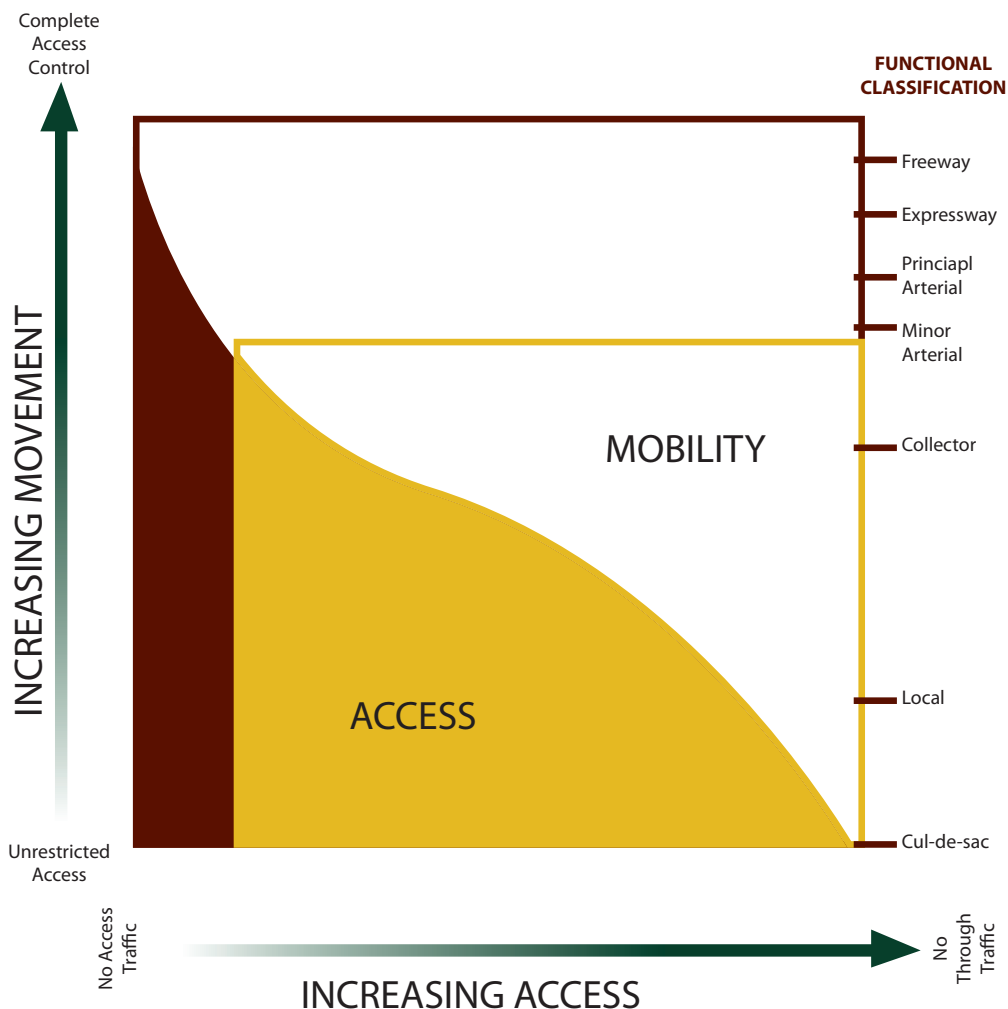
Generally, the City of North Branch should consider capacity improvements on roadways with a LOS D or worse and volume-to-capacity ratios over 0.75 during the peak hours.

Access Management Guidelines

Access management guidelines are developed to maintain traffic flow on the network so each roadway can provide its functional duties, while providing adequate access for private properties to the transportation network. This harmonization of access and mobility is the keystone to effective access management.

Mobility, as defined for this Transportation Plan, is the ability to move people, goods, and services via a transportation system component from one place to another. The degree of mobility depends on a number of factors, including the ability of the roadway system to perform its functional duty, the capacity of the roadway, and the operational level of service on the roadway system.

Access, as applied to the roadway system in North Branch, is the relationship between local land use and the transportation system. There is an inverse relationship between the amount of access provided and the ability to move through-traffic on a roadway. As higher levels of access are provided, the ability to move traffic is reduced. The graphic below illustrates the relationship between access and mobility.



Each access location (i.e. driveway and/or intersection) creates a potential point of conflict between

vehicles moving through an area and vehicles entering and exiting the roadway. These conflicts can result from the slowing effects of merging and weaving that takes place as vehicles accelerate from a stop turning onto the roadway, or deceleration to make a turn to leave the roadway. At signalized intersections, the potential for conflicts between vehicles is increased, because through-vehicles are required to stop at the signals. If the amount of traffic moving through an area on the roadway is high and/or the speed of traffic on the roadway is high, the number and nature of vehicle conflicts are also increased.

Accordingly, the safe speed of a road, the ability to move traffic on that road, and safe access to cross streets and properties adjacent to the roadway all diminish as the number of access points increase along a specific segment of roadway. Because of these effects, there must be a balance between the level of access provided and the desired function of the roadway.

Roadway Width

Right-of-way width is directly related to the roadway’s width and its ability to carry vehicular and pedestrian traffic in a safe and efficient manner. For Minor Collector streets in residential areas, a minimum right-of-way width of 80 feet is recommended for the added roadway width, as well as to provide added setback distance between the roadway and homes along the roadway. Right-of-way widths of 80 feet to greater than 100 feet may be required on Minor Arterials and Major Collector roadways within commercial areas to accommodate the potential for higher traffic volumes and the need for additional lanes.

For the City of North Branch, geometric design standards for the reconstruction or construction of new Minor Arterial, Major Collector, and Minor Collector Streets will be based on MnDOT State- Aid standards.

Table 6-D: Access Spacing Guidelines for Collector Roadways in North Branch (1) (2)		
Type of Access by Land Use Type	Minor Arterial/Major Collector	Minor Collector
Low & Medium Density Residential		
Private Access	Not Permitted (3)	As Needed (4)
Minimum Corner Clearance from a Collector Street	660’	300’
Commercial, Industrial or High Density Residential		
Private Access	Not Permitted (3)	As Needed (4)
Minimum Corner Clearance from a Collector Street	660’	660’

(1) Some existing City streets that are currently functionally classified as Minor Arterial, Major Collector, or Minor Collector do not meet these criteria. These guidelines should be used for new streets and roadways that will functionally classified as Minor Arterial, Major Collector, or Minor Collector

(2) These guidelines apply to City streets only. Chisago County and MnDOT have access authority for roadways under their jurisdiction.

- (3) Access to Minor Arterials and Major Collectors should be limited to public street access. Steps should be taken to redirect private accesses on Major Collectors to other local streets. New private access to Major Collectors is not permitted unless deemed necessary.*
- (4) Private access to Minor Collectors is to be evaluated by other factors. Whenever possible, residential access should be directed to non-continuous streets rather than Minor Collector roadways. Commercial/Industrial properties are encouraged to provide common accesses with adjacent properties when access is located on the Minor Collector system. Cross-traffic between adjacent compatible properties is to be accommodated when feasible. A minimum spacing between accesses of 660' in commercial, industrial, or high density residential areas is encouraged for the development of turn lanes and driver decision reaction areas.*

Geometric Design Standards

Geometric design standards are directly related to a roadway's functional classification and the amount of traffic that the roadway is designed to carry. The following is a discussion of various geometric design elements and how each element relates to a particular roadway's ability to perform its function in the roadway network.

Roadway Width

Roadway and travel lane widths are directly associated with a roadway's ability to carry vehicular traffic. On Minor Arterial roadways, Major Collector roadways, Minor Collector streets and local streets, a 12-foot lane is required for each direction of travel unless the road meets the criteria for a more flexible design based on environmental factors as per the most recent State-Aid Operations Guide. The 24-foot total travel width is needed to accommodate anticipated two-way traffic volumes without delay. In addition to the travel width, minimum shoulder/parking lane widths are also required to accommodate parked or stalled vehicles. Roadway widths not meeting the Geometric Design Standards will result in decreased performance of the particular roadway and additional travel demand on the adjacent roadway network components. For example, a substandard Major Collector roadway may result in additional travel demand on an adjacent Minor Collector street resulting in an overburden for adjacent landowners. Similarly, additional local circulation may result on an adjacent Minor Arterial resulting in reduced mobility for regional trips.

Sidewalk/Trail

Sidewalks and/or trails are recommended to be adjacent to all Minor Arterial, Major Collector and Minor Collector roadways within North Branch to accommodate pedestrian, bicycle, and other non-motorized travel in a safe and comfortable manner. These roadways are expected to carry a significant amount of vehicular traffic and separation of travel modes is necessary. In commercial and industrial areas, the requirements for trails and sidewalks may vary to accommodate additional pedestrian and bicycle traffic.

Along Minor Arterials and Major Collector roadways, an 8-10 foot wide bituminous or concrete trail and/or 6-foot wide concrete sidewalk is recommended on either side of the roadway to accommodate local pedestrian and bicycle travel. The pedestrian facilities on both sides of these roadways allow

for pedestrian travel within the corridor without introducing excessive crossing demand on Minor Arterials and Major Collectors. A sidewalk and trail will accommodate pedestrian and bicycle travel along the corridor, as well as provide a safe, comfortable link between lower volume residential streets and the other pedestrian and trail facilities within the community. A 10-foot wide trail would be more desirable as the 10-foot width would better accommodate two-way bicycle traffic. The City of North Branch’s comprehensive trail plan will be utilized to determine where bike trails are required.

Along Minor Collector roadways, a 6-foot concrete sidewalk is recommended on at least one side of the roadway both sides being preferred. With the anticipated vehicular volumes on Minor Collector streets, pedestrians can safely cross the roadway, however, pedestrian travel along the roadway may become uncomfortable.

Design Speed

The design speed of a roadway is directly related to the roadway’s function in the roadway system. The focus of Minor Arterial roadways is mobility; therefore these roadways should be designed to accommodate higher travel speeds. Likewise, Minor Collector roadways are more focused on accessibility and should be designed to accommodate lower travel speeds. The function of Major Collectors is balanced between mobility and accessibility; therefore these roadways should be designed accordingly. Table 6-F below presents the recommended design speed for the North Branch roadway network.

Table 6-E: Roadway Design Speed Guidelines	
Functional Classification	Design Speed (1)
Minor Collector Street	30 mph
Major Collector Roadway	35 – 40 mph
Minor Arterial Roadway	45 – 55 mph

At the discretion of the City Engineer for City roadways, with approval by the City Council.

Roadway Jurisdiction

Roadway jurisdiction directly relates to functional classification of roadways. Generally, roadways with higher mobility functions (such as arterials) fall under the jurisdiction of the State of Minnesota or Chisago County. Recognizing that these roadways serve greater areas resulting in longer trips and higher volumes, jurisdiction of Principal Arterial and Minor Arterial roadways should remain under the jurisdiction of the state and county, respectively. Similarly, roadways with more emphasis on local circulation and access (such as collectors) will likely fall under the jurisdiction of the local government unit. These roadways serve more localized areas and result in shorter trip lengths and lower volumes. Major Collector and Minor Collector roadways should fall under the jurisdiction of the City of North Branch.

As roadway segments are considered for turn-back to the City, efforts will be taken to evaluate the roadway features for conformance to current standards, structural integrity, and safety. This effort will help the City develop short and long-range programs to assume the responsibilities of jurisdictional

authority.

Current Transportation Conditions

The City is located at the cross roads of I35 and TH95. TH95 also intersects with several Chisago County roads, including Co 30, formerly known as Hwy. 61, the historic highway that runs along the eastern border of Minnesota spanning from the Iowa border and running up along the north shore of Lake Superior. Based 2017 MnDOT traffic data, daily traffic counts along I35 heading north to North Branch average 37,500. An estimated 22,400 cars move west from I35 along TH95 each day. The daily traffic count is estimated at 22,500 cars moving east from I35 along TH95. An estimated 15,400 cars pass through the intersection of TH95 and Co. 30, making this intersection an area of concern due to ineffective turn lanes and a reduced turning radius for large vehicles such as fifth wheel RV's, passenger vehicles with trailers and semi's needing to turn from or onto TH95 at that intersection.

Truck and passenger vehicle traffic also pose an issue with regard to the city's minor arterial and collector roads. The City's industrial park, located north of 400th Street, could benefit from more direct access to I35, reducing truck traffic at the intersection of TH95 and Co. 30, relieving pressure on the existing bridge at I35 and providing for movement east/west through the City. As and when appropriate, the City should engage MnDOT about a new bridge and interchange on I35 at 400th Street.

The city of North Branch has 105 miles of local streets and road infrastructure to maintain. This consists of 70 miles of asphalt pavement, and 35 miles of gravel. Of the 70 miles that are currently paved, 17.1 are state aid and 52.9 are non-state aid. Assuming streets are overlaid once every 20 years, the city of North Branch should be overlaying 2.65 miles per year so all 52.9 miles of the currently paved non-state aid street system is overlaid once every 20 years. As more streets are constructed, the number of paved streets increases adding to the total of streets that should be overlaid on a regular schedule. There are currently 17.9 miles of paved local streets that are over 20 years old, and have never been overlaid.

Issues facing the City include:

- Lack of effective controls at various intersections between City/County Roads and TH95, including the intersections at 392nd and Isanti Trail.
- Existing intersection controls at TH95 and Grand and along Lincoln (Co. Rd. 14) at Grand and Hemingway are inefficient and pose significant accident hazards because of the volume and number of traffic movements.
- The intersection at TH95 and Co. 30 is not adequate for truck/trailer movement, lacking adequate area of turns, poor sight lines and lacking adequate stacking for vehicles waiting to turn.
- TH 95 passes through the historic downtown area and pedestrian crossings are difficult at best.
- Several intersections have cross traffic approaching the intersection at a 45° approach, impairing sight lines at the intersections.
- There are only limited marked pedestrian crossings along Co. 30.
- High pedestrian roads, such as Maple Street, do not have sidewalks, forcing pedestrians to walk in the street.

Pavement Management Plan

Local Streets (non-State Aid Streets)

Funding local street rehabilitation is not a one-time need. It's a permanent need that must be addressed in order to preserve this huge asset. Assuming streets are overlaid once every 20 years, the city of North Branch should be overlaying 2.65 miles per year so all 52.9 miles of the currently paved non-state aid street system is overlaid once every 20 years. This equates to a cost of approximately \$1,250,000 per year. As more streets are constructed, the number of paved streets increases adding to the total of streets that should be overlaid on a regular schedule.

There are currently 17.9 miles of paved local streets that are over 20 years old, and have never been overlaid. See attached map. As the years pass, more streets will reach that 20 year mark thereby adding to the total that should be overlaid.

All cities need to have a continuous program for maintaining streets. The typical program includes rehabilitating a number of streets each year to keep the overall pavement condition at an acceptable level, spreading out the cost of maintenance over a long period of time. Funding PMP's vary across the state, but the goal for each one is to have a continuous long-term funding plan.

Street Rehabilitation Funding

Funding PMP's typically involve tax levies, assessments, franchise fees, local option sales tax or a combination thereof.

- Tax rates are very competitive for attracting business and using 100% property taxes puts an undue burden on moderate to higher-valued businesses and homes to pay for a street system that serves the entire City. Nonprofit organizations do not pay property tax and would not pay their share of the improvement cost if general taxes are solely used for this purpose.
- Special assessments are a common way to fund improvements and maintenance as the City can spread the cost to property owners over a period of time. However, there is a limit to the amount that can be levied. Assessments can be highly controversial and often are unanticipated costs by the property owner. As such, it can be difficult to enact an assessment roll and effectively collect the necessary funding to pay for the improvements. Often, the projects will not move forward until the street is in complete failure, adding to the cost of the repair.
- Franchise fees spread costs out to everyone over a longer period of time and provide a dedicated fee to ensure local control of the revenue and that repairs stay on schedule with the Pavement Management Plan.
- Local Option Sales Taxes (LOST) can also be used to fund pavement management programs.

Pavement Management Program

As mentioned above, funding PMP's vary considerably and many times include a variety of funding sources. As with all PMP programs, funding sources can be changed and modified as situations and conditions change in the future.

In addition to researching how best to fund a PMP, staff also reviewed the city's standard details for road construction to determine if changes should be made that would extend the life of new roads. Staff reviewed standards from other cities and the life expectancy results these cities were experiencing, and determined a few changes should be made to the city's road standards. These changes are as follows:

- Increase the bituminous thickness from 3.5 to 4.5 inches.
- Use a flexible sealer between the bituminous and concrete curbing to eliminate water infiltration.
- In areas where there is the potential for bad soil conditions, require soil borings and a geological report/recommendation for the pavement section.

PMP Plan 2019-2044

All city streets will be evaluated based on the following criteria:

- Age and condition of street surface
- Type of street usage
- Volume of traffic
- Annual maintenance costs
- Relationship to other construction or projects
 - Planned county road improvements
 - Planned MnDOT improvements (if any)
 - Utility projects
 - Planned new construction
 - Public safety considerations

Those roads demonstrating the greatest need for Paving or resurfacing projects for those roads demonstrating the greatest need based on the above mentioned criteria will be designed and constructed to the extent of available funding until all city non-state aid streets have completed one full cycle of resurfacing. Phase 1 of the project will consist of overlays to the 17.9 miles that have never been overlaid. See attached map. Phase 2 of the project will consist of paving high traffic gravel roads. If funding is available phases 1 and 2 will be undertaken concurrently. Once Phases 1 and 2 have been completed, funds will be used for Phase 3 with consists of overlaying the remaining 35 miles of city streets existing as of the date of the plan.

Future Transportation System

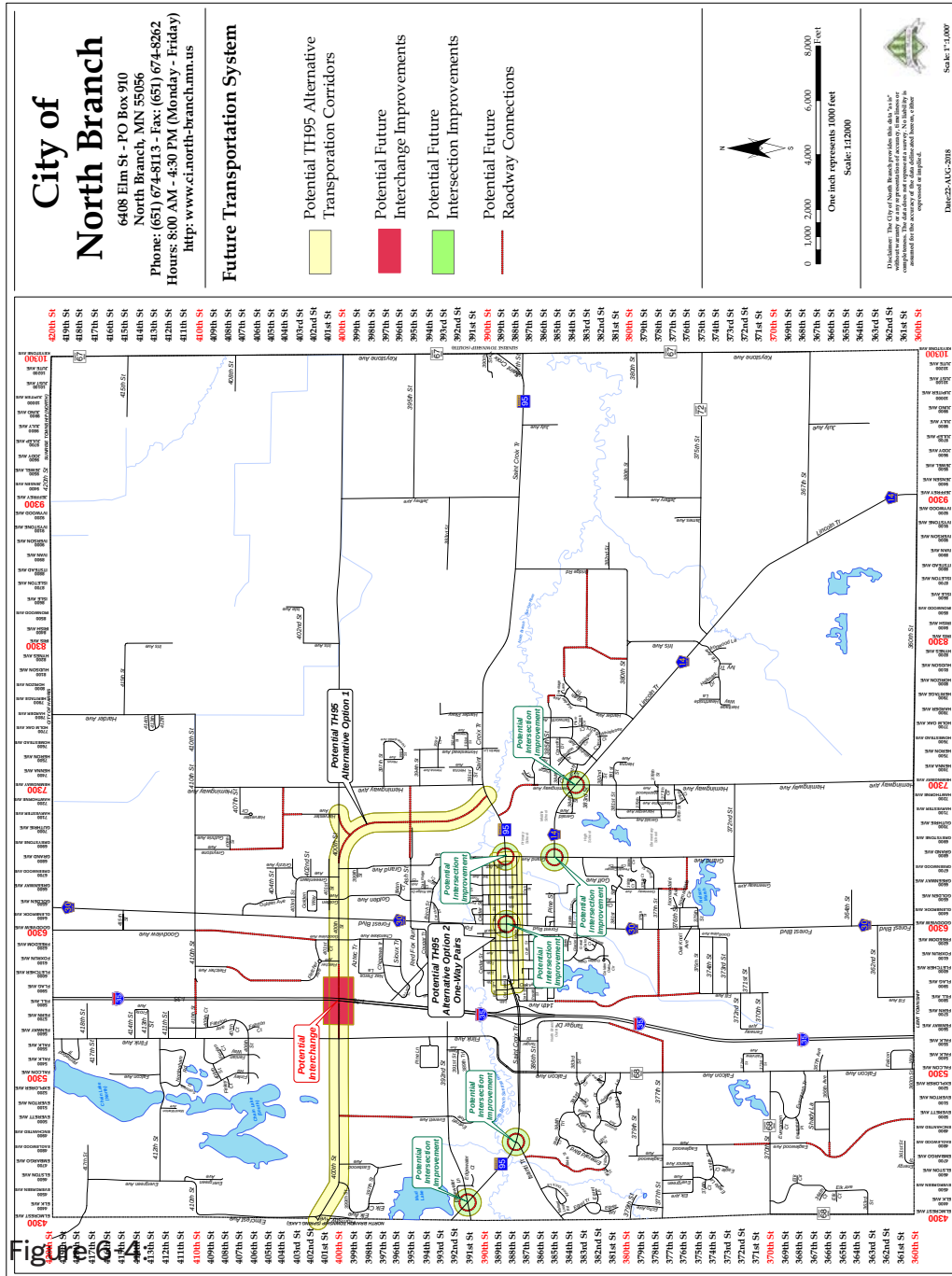
The City will monitor traffic and upgrade roads and intersections based on new housing and commercial development. Several intersections were identified by residents, staff, appointed committee members and elected officials as needing upgraded traffic controls utilizing best management practices such as roundabouts. Future growth and development will likely require roundabouts for efficient and safe movement in and through high volume intersections.

North Branch is located at the crossroads of I35 and TH95, but the current route of TH95 extends through the historic downtown of North Branch creating congestion and conflict between pedestrian, passenger vehicles and truck traffic at the intersection of TH95 and Co. 30 and extending west to

the existing overpass at I35. Citizens, staff and elected officials recognize that traffic volume and additional development within the community have created a need for alternatives to the existing TH95 corridor. Two possible options were mentioned at the city's community café relative to transportation concerns.

The first option is to plan for a new interchange on I35 at 400th Street, diverting traffic from Main Street north to 400th, crossing and accessing I35, and then extending to the west into Isanti County along 400th on the west side of I35. This option was considered by a citizen committee in 2016 and it remains a viable option, subject to funding, construction of a bridge overpass and the dedication of land for the new public rights of way. A second option is to utilize a split pair approach, diverting east or west bound TH95 traffic onto a parallel street. Additionally, expanding development in the Interstate Business Park, congestion along TH95 and current traffic volumes at the existing interchange at TH95 and I35 will drive the need for a new interchange at 400th and I35. [insert future transportation system map]





GOAL 1

Implement and enforce standards for new streets and roadways within identified growth areas.

Transportation System Goals, Objectives, And Policies

The following section outlines the primary goals for the transportation system followed by a series of objectives and policies intended to influence future development efforts that align with the community visions in this plan.

OBJECTIVE 1.1

ASSIGN APPROPRIATE FUNCTIONAL CLASSIFICATION TO EXISTING AND NEW STREETS AND ROADWAYS.

Policy 1.1.1

Monitor traffic and other transportation characteristics of existing streets and roadways and make recommendations regarding changes to the functional classification of the existing streets and roadways.

OBJECTIVE 1.2

IMPLEMENT AND ENFORCE STANDARDS FOR EXISTING AND NEW STREETS AND ROADWAYS.

Policy 1.2.1

Incorporate standards related to complete street standards and geometric design standards as outlined herein into the City's zoning ordinances related to new streets and roadways insuring developers are aware of City standards.

Policy 1.2.2

Monitor best practices and incorporate new standards related to complete streets and geometric design as outlined herein into the reconstruction of existing streets and roadways and implement to the extent practical.

Policy 1.2.3

Prevent the creation of "private streets" or alleys or the like unless in full compliance with the street detail sheets in effect at the time; internal driveways should be constructed and maintained by an association.

Policy 1.2.4

Periodically, review and assess road design standards, including those set forth in the Big Book of Ideas, version 1.1 as may be amended or updated, prepared by ch2m:Team for Chisago County as a result of the Towards Zero Deaths initiative, Complete Streets Implementation Guide for Minnesota Local Agencies (MnDOT, MN Local Roads Research Board:2013) and incorporate new engineering techniques to extend the useful life of the road surface and promote public safety.



OBJECTIVE 2.1

IDENTIFY A POSSIBLE CORRIDOR FOR MOVING TRAFFIC EAST/WEST THROUGH THE CITY VIA A BY-PASS OR SPLIT PAIRS

Policy 2.1.1

Zone developable land near the corridor that is compatible with a future truck by-pass.

Policy 2.1.2

Work with developers along the corridor for future dedications of public right of way for this purpose.

Policy 2.1.3

Restrict new driveways or other access onto Elm Street, from Grand Ave. west to 14th Ave. to preserve Elm Street as a possible path for a split pair approach to managing increasing traffic counts TH95

OBJECTIVE 2.2

IDENTIFY LOCATIONS FOR FUTURE THROUGH STREETS AND CONNECTORS TO MORE EFFICIENTLY MOVE TRAFFIC WITHIN THE CITY

Policy 2.2.1

Develop a master plan for connecting existing streets to loop traffic and provide for alternative routes throughout existing developments.

Policy 2.2.2

Work with developers to obtain dedications of public right of way for construction of future through streets.

GOAL 2

Establish a transportation plan to more effectively move traffic in and through the city.



GOAL 3

Develop, implement and promote alternative transportation modes in order to achieve a walkable and bikeable community.

OBJECTIVE 3.1

EXPAND BIKE AND PEDESTRIAN PLANS TO PROMOTE SAFE AND EFFICIENT MOVEMENT ALONG STREETS, LOCAL AND REGIONAL TRAILS, BIKE PATHS AND SIDEWALKS.

Policy 3.1.1

Encourage walking as a healthy mode of transportation for short trips, within neighborhoods and to nearby commercial areas.

Policy 3.1.2

Create more complete networks of pedestrian facilities, and improve the quality of the pedestrian environment, by connecting to neighborhoods, regional and community parks, preserves, facilities, schools, and commercial areas and by connecting to destinations and pedestrian/bicycle facilities in neighboring communities.

Policy 3.1.3

Improve pedestrian safety, accessibility, and convenience for people of all ages and abilities for example, use neighborhood context and Complete Streets Policies to guide the design of trail and sidewalk projects

Policy 3.1.4

Expand bicycle transportation options that are safe, comfortable, and accessible to people of all ages and abilities, including other surface transportation models, such as bike lanes.

Policy 3.1.5

Use traffic calming tools, traffic diversion and other available tools and methods to create and maintain sufficiently low automotive volumes and speeds on city streets to improve bicycle and pedestrian safety.



OBJECTIVE 3.2

CREATE A SAFE, MULTI-PURPOSE AND ALL SEASON TRAIL SYSTEM.

Policy 3.2.1

Sign paved shoulders when utilized to supplement the non-motorized system, transitioning to off-road facilities or bike lanes where and when possible.

Policy 3.2.2

Add system wayfinding and signage at key locations.

Policy 3.2.3

Consider options for hiking, biking, walking, skating and cross-country skiing.

Policy 3.2.4

Update the Snow and Ice Control Policy on an annual basis to ensure the appropriate prioritization of the network.

OBJECTIVE 3.3

DEVELOPMENT AND IMPLEMENT OPTIONS FOR MASS TRANSIT.

Policy 3.3.1

Support a public transit system and regional transportation to provide increased mobility options and access.

Policy 3.3.2

Support regional efforts to expand transit options, such as bus rapid transit, park and ride lots, ride sharing and express bus service to Minneapolis and St. Paul.

7

UTILITIES

Introduction

Water System

Existing Systems

The City's water system is operated and managed by a separate municipal utility, North Branch Water & Light (NBWL). NBWL has six municipal water supply wells including Well 1 (unique number 217922), Well 2 (unique number 112244), Well 3 (unique number 522767), Well 4 (unique number 706844), Well 5 (unique number 749383), and Well 6 (unique number 593584). Wells 1, 2, and 6 pump water from the Middle Proterozoic sedimentary aquifer and the Mount Simon - Hinckley aquifer. Well 3 and Well 5 pump water from the Mount Simon-Hinckley aquifer. Well 4 pumps from a buried Quaternary sand and gravel aquifer. Well locations are shown on Figure 7-A and well construction data are presented in Table 7-A.



Figure 7-1: Well Locations

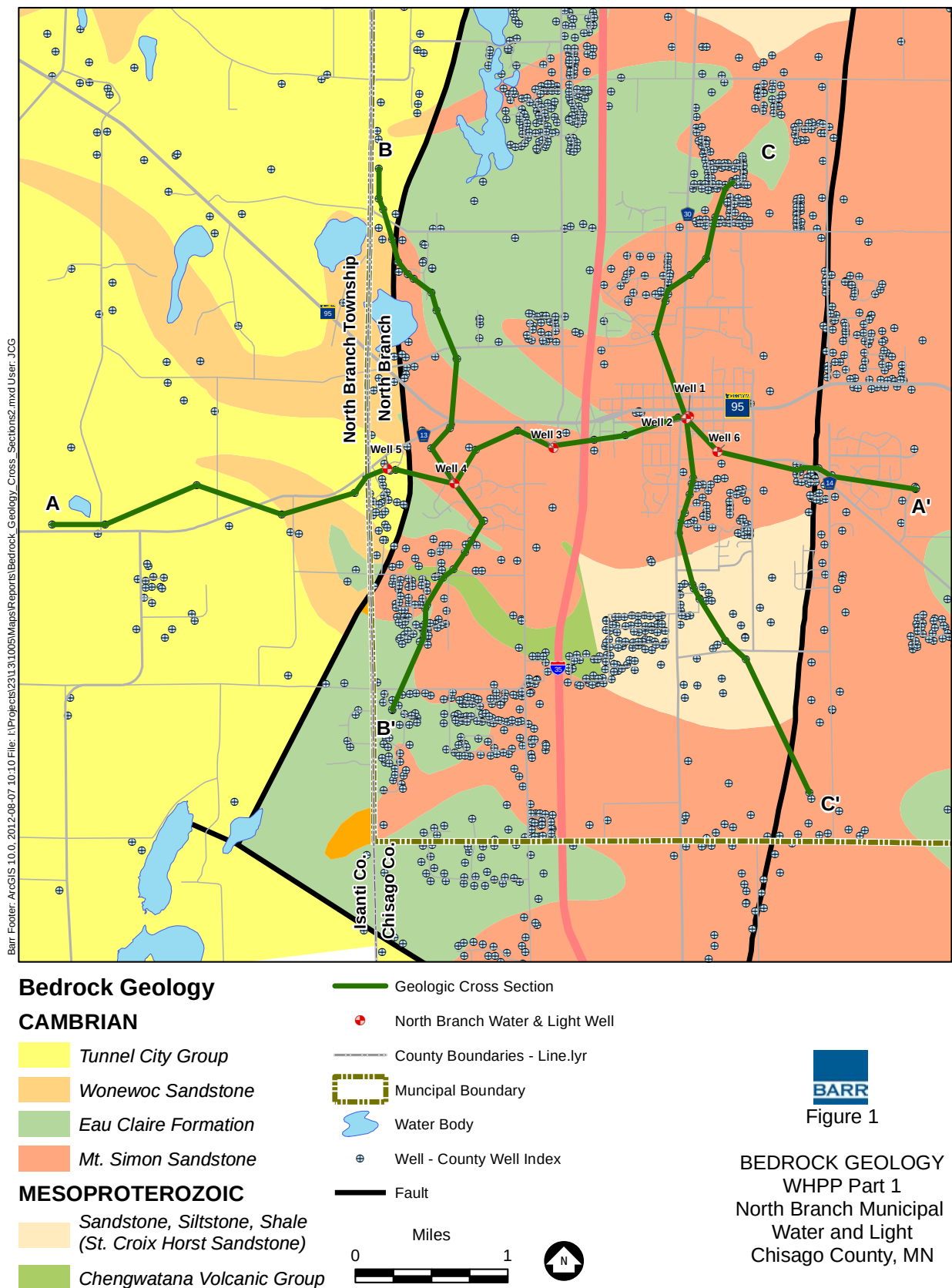
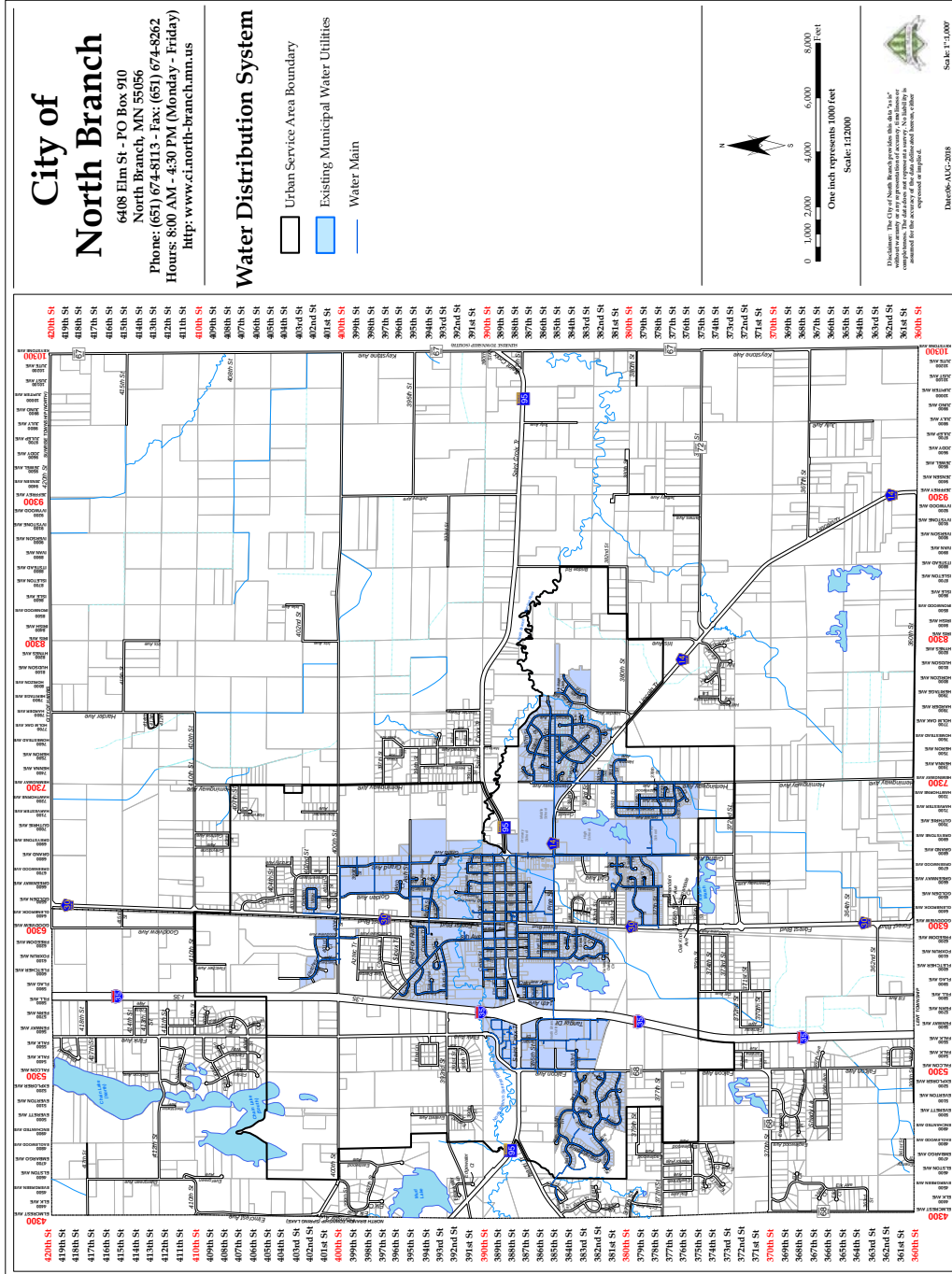


Figure 7-2:
Water Distribution
System Map



In response to the 2003 Comprehensive Water System Plan study (2002 thru the year 2043), based on land use, gross development acreages, and potential ultimate service area, the utility built two new water treatment plants, added new wells, raw water lines to the water system and storage capacity, this to meet the growing need of our community. The study also considered the quantity and timing of future water demands with estimated land use planning maps, estimated developable acreage, and water demand per acre for each land use type. Both average and peak day demands were estimated. The resulting projected average water demand is 1.9 mgd, 3.3 mgd and 7.2 mgd in 10, 20 and 40 years, respectively. See Table 7-B for pumping capacity and projections. Today, the treatment capacity is 3,500 gpm and the storage capacity is 2,000,000 gallons; average residential customer use as of 2016 is 4.22 thousand gallons of water per month. As areas develop in the community going forward, there will need to be new infrastructure added, including new trunk lines and elevated storage. However, Well No. 5 was found to produce water in quantities much greater than originally anticipated. It is likely that Well No. 5 would be expanded to produce the necessary amount of water to meet consumer demand before a new well would be drilled. See Figure 7-3 and 7-4 for anticipated Trunk Water Main locations and phasing.



The Utility will continue to supply sufficient water quantity for system users and emergency needs.

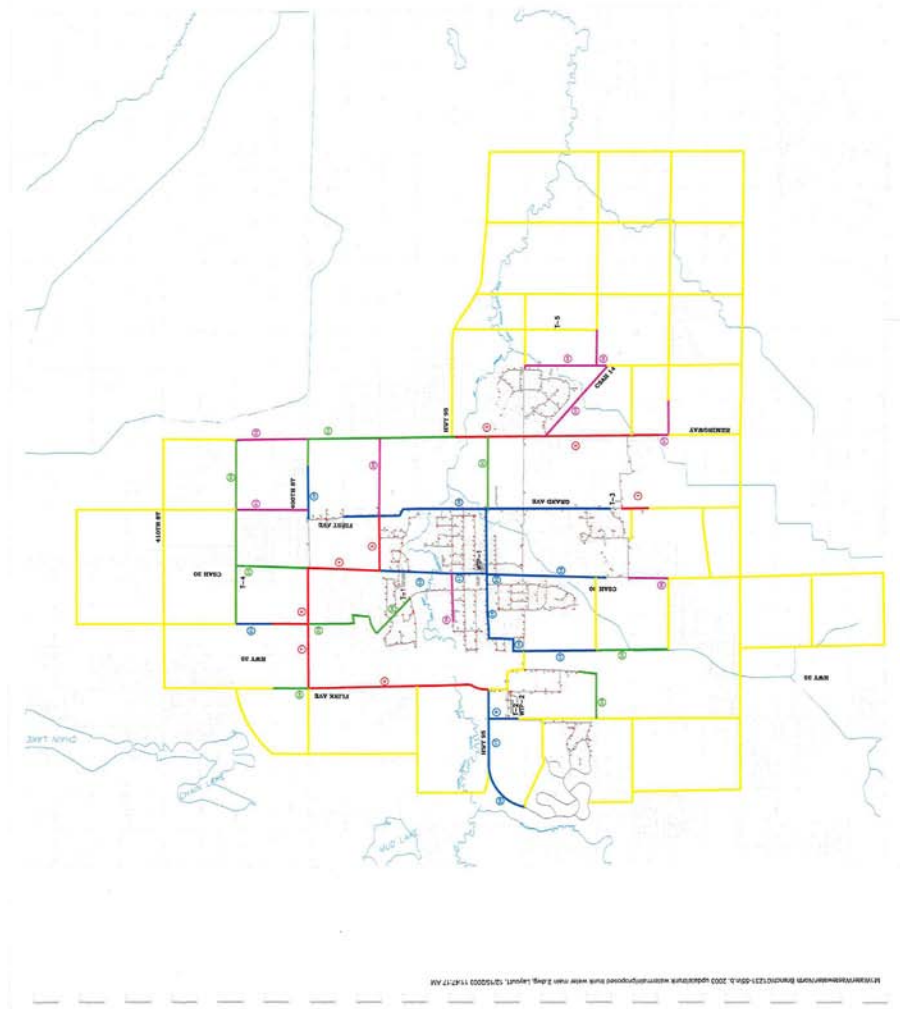
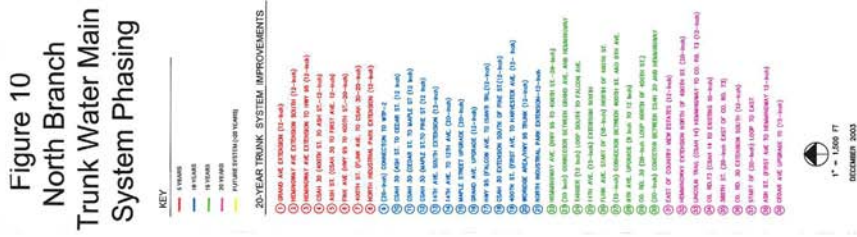


Figure 7-4:
North Branch Trunk Water
Main System Phasing



NBWL has an approved wellhead protection plan that addresses municipal water supply wells used by North Branch (6 municipal wells) and the associated source water aquifers (the Middle Proterozoic Sedimentary Aquifer, the Mount Simon – Hinckley Aquifer and Buried Quaternary Sand and Gravel Aquifer– the aquifers from which the municipal wells pump water). Part 1 of the Plan was completed and approved by the Minnesota Department of Health (MDH) in August of 2012. The WHP Plan Part 1 presented the delineation of the Wellhead Protection Area (WHPA), the Drinking Water Supply Management Area (DWSMA), and the vulnerability assessments for the system’s wells and aquifers within the DWSMA. The vulnerability assessment for the aquifers within the DWSMA was performed using available information and indicates that the vulnerability of the aquifers used by the system is classified as low. In 2015, the plan was updated to include Part 2. In Part 2, NBWL acknowledged that while water utility has jurisdiction over the drinking water system within the City, it does not have jurisdiction over land use planning within the City. NBWL indicated its desire to work collaboratively with the City as to future development. The goals for water quality adopted by NBWL included the following:

GOAL 1

The Utility will maintain or improve the current level of water quality so that the municipal water supply will continue to meet or exceed all applicable state and federal water quality standards.

GOAL 2

The Utility will continue to supply sufficient water quantity for system users and emergency needs.

GOAL 3

The Utility will provide and promote activities that protect the source water aquifer that provides water to the municipal system.

GOAL 4

The Utility will continue to collect data to support future wellhead and source water protection efforts.

Table 7-A: Well Construction Data

Local Well Name	nique Number	Aquifer	Casing Depth (ft)	Well Depth (ft)	Date
NB 1	217922	Middle Proterozoic Sedimentary and Mt. Simon-Hinckley	263 feet	762 feet	03/13/1947
NB 2	112244	Middle Proterozoic Sedimentary and Mt. Simon-Hinckley	261 feet	733 feet	10/06/1978
NB 3	522767	Mt. Simon-Hinckley	186 feet	304 feet	1993
NB 4 or "Water & Light"	706844	Buried Quaternary Sand and Gravel	171 feet	240 feet	02/10/2004
NB 5	749383	Mt. Simon-Hinckley	329 feet	467 feet	09/14/2007
NB 6 or "NB Golf Course"	593584	Middle Proterozoic Sedimentary and Mt. Simon-Hinckley	300 feet	410 feet	4/22/1999

Table 7-B: Annual and Projected Pumping Rates for North Branch Wells

Unique Number	Well Name	Total Annual Withdrawal (gal/yr)				
		2006	2007	2008	2009	2010
217922	1	159,891,000	158,063,000	91,027,000	3,942,000	209,000
112244	2	36,396,000	50,106,000	12,814,000	350,000	0
522767	3	5,872,000	3,352,000	65,103,000	129,316,000	124,964,000
706844	4	28,112,000	27,832,000	43,557,000	81,604,000	74,783,000
749383	5	0	0	0	13,254,000	806,000
593584	6	0	0	0	0	15,390
TOTALS		230,271,000	239,353,000	212,501,000	228,466,000	200,777,390

Source: MN DNR SWUDS Database

Unique Number	Well Name	Percentage of Annual Withdrawal					Average Annual % of Withdrawal
		2006	2007	2008	2009	2010	
217922	1	69.4%	66.0%	42.8%	1.7%	0.1%	36.0%
112244	2	15.8%	20.9%	6.0%	0.2%	0.0%	8.6%
522767	3	2.6%	1.4%	30.6%	56.6%	62.2%	30.7%
706844	4	12.2%	11.6%	20.5%	35.7%	37.2%	23.5%
749383	5	0.0%	0.0%	0.0%	5.8%	0.4%	1.2%
593584	6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Unique Number	Well Name	Projected Water Use (2015)			Maximum Total Pumping for Model Input ²		
		Total ¹ (gal/yr)	% of Total Projected	Projected Well Pumpage Based on % (gal/yr)	gal/yr	gal/day	m3/day
217922	1		36.0%	105,372,000	159,891,000	438,058	1,658
112244	2		8.6%	25,172,200	50,106,000	137,277	520
522767	3		30.7%	89,858,900	129,316,000	354,290	1,341
706844	4		23.5%	68,784,500	81,604,000	223,573	846
74938	5		1.2%	3,512,400	13,254,000	36,312	137
593584	6		0.0%	0	21,000,000	57,534	218
	TOTALS	292,700,000		292,700,000	455,171,000	1,247,044	4,720

1 Percentages for Wells 1 through 6 are based the average annual % of annual withdrawal for the period 2005 through 20009.

2 Well 6 rate of 21 mg/yr represents sum of estimated pumping for irrigation (17 mg/yr) and municipal peak demand (4 mg/yr) that was provided by WSB & Associates

GOAL 1

Expand existing wastewater system infrastructure to meet the demands generated by continued development.

Water System Goals, Objectives, and Policies

The following section outlines the primary goals for the water system followed by a series of objectives and policies intended to influence future development efforts that align with the community visions in this plan.

OBJECTIVE 1.1

EXPAND THE TRUNK WATERMAIN SYSTEM WITHIN THE URBAN SERVICE AREA.

Policy 1.1.1

Implement the expansion of the trunk watermain system within the Urban Service Area through orderly development.

Policy 1.1.2

The trunk watermain system within the future growth areas should generally follow the configuration as shown in Figure 7-4. Final trunk watermain sizes and locations should be based on the type, location and sequence of development within the projected growth areas.

Policy 1.1.3

Develop a financing strategy for funding the expansion of the trunk watermain system.



OBJECTIVE 2.1

REPLACE AGING WATER DISTRIBUTION SYSTEM INFRASTRUCTURE.

Policy 2.1.1

Prepare a study to document the condition of deficient watermain based on age, materials and history of breaks, leaks, freezing and other deficiencies.

Policy 2.1.2

Utilize the information from the watermain condition study, in conjunction with the condition information for other infrastructure elements, to develop, expand and prioritize projects to be included in the capital improvements.

OBJECTIVE 2.2

MONITOR THE CONDITION OF EXISTING WATER SUPPLY, TREATMENT, AND STORAGE INFRASTRUCTURE AND REPLACE AS REQUIRED.

Policy 2.2.1

Monitor the condition of the existing wells and related equipment and continue with regular inspections, maintenance and miscellaneous equipment replacement as required.

Policy 2.2.2

Monitor the condition of the water storage facilities and related equipment and continue with regular inspections, maintenance and miscellaneous equipment replacement as required.

Policy 2.2.3

Support planning intended to provide well head protection for wells supplying the municipal water system.

GOAL 2

Monitor, evaluate and improve the condition of the City's existing wastewater system infrastructure.



Wastewater System

Existing Systems

The existing wastewater collection system within the City of North Branch consists of a network of sanitary sewers ranging in size from 8 inches to 30 inches in diameter, totaling 40 miles of sanitary sewer pipe line throughout the city. There are also 12 wet well lift stations located throughout the City which collect and pump the wastewater from those areas which cannot be served by gravity sewers. The sanitary sewers and lift stations throughout the City collect into 2 main trunk sewers. The interconnected systems of lift stations pump all of the wastewater generated within the City North Branch to the City of North Branch's wastewater treatment facility. The City of North Branch has a mechanical treatment plant that came on line in 2004. The type of plant is an activated sludge extended aeration with aerated ash holding tanks and sludge storage tanks. The plant has an effluent phosphorus limit of 1 mg/l and the effluent is disinfected before being discharged into the North Branch of the Sunrise River. Figure No. 7-5 shows the trunk sewers system.

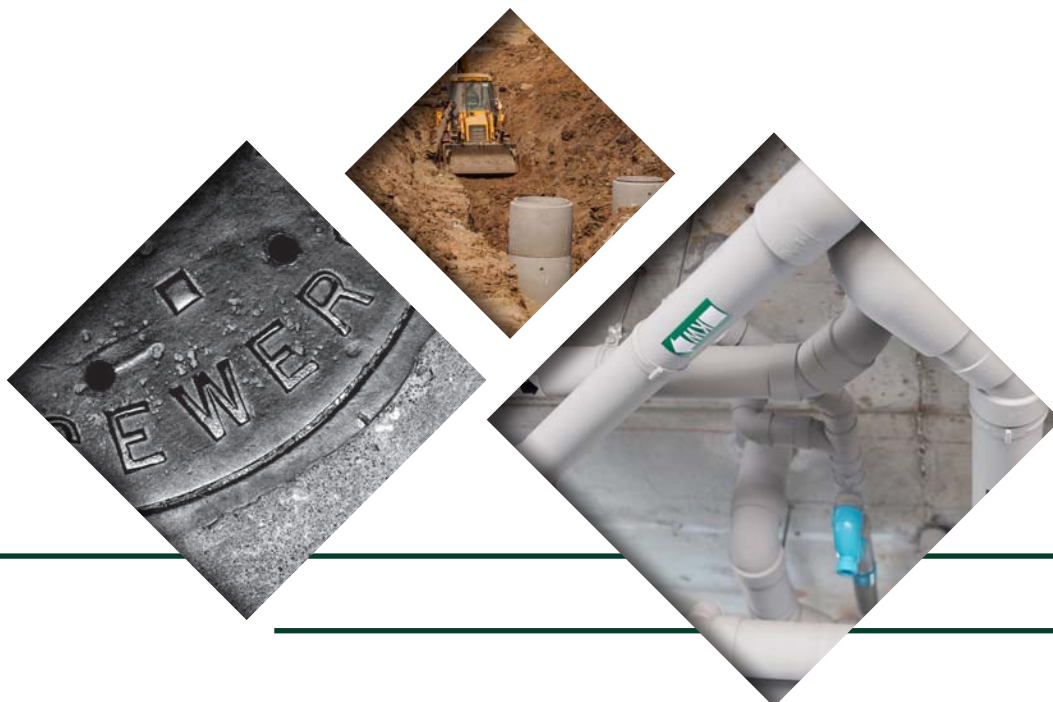
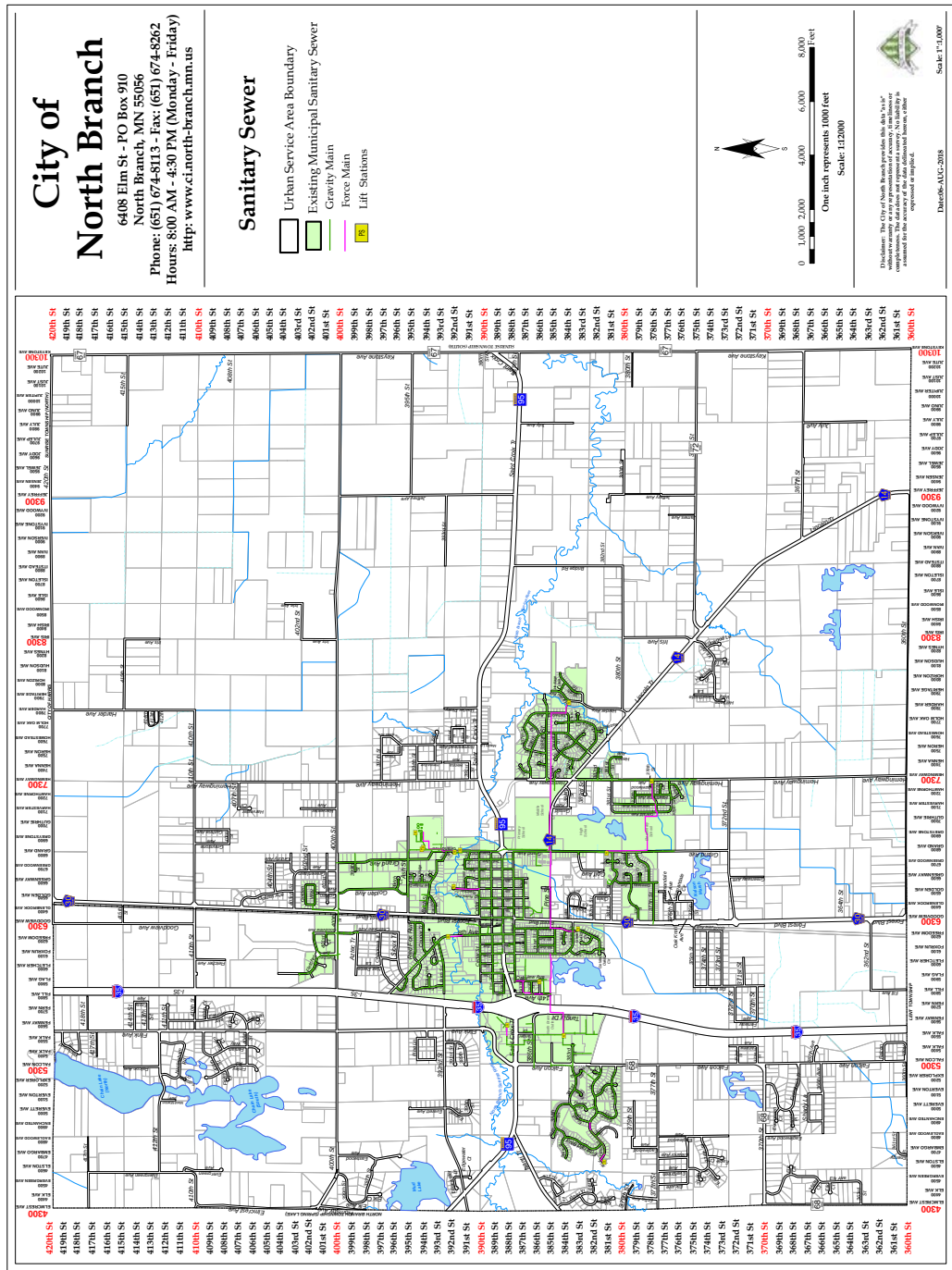


Figure 7-5:
Existing Sanitary
Sewer Map

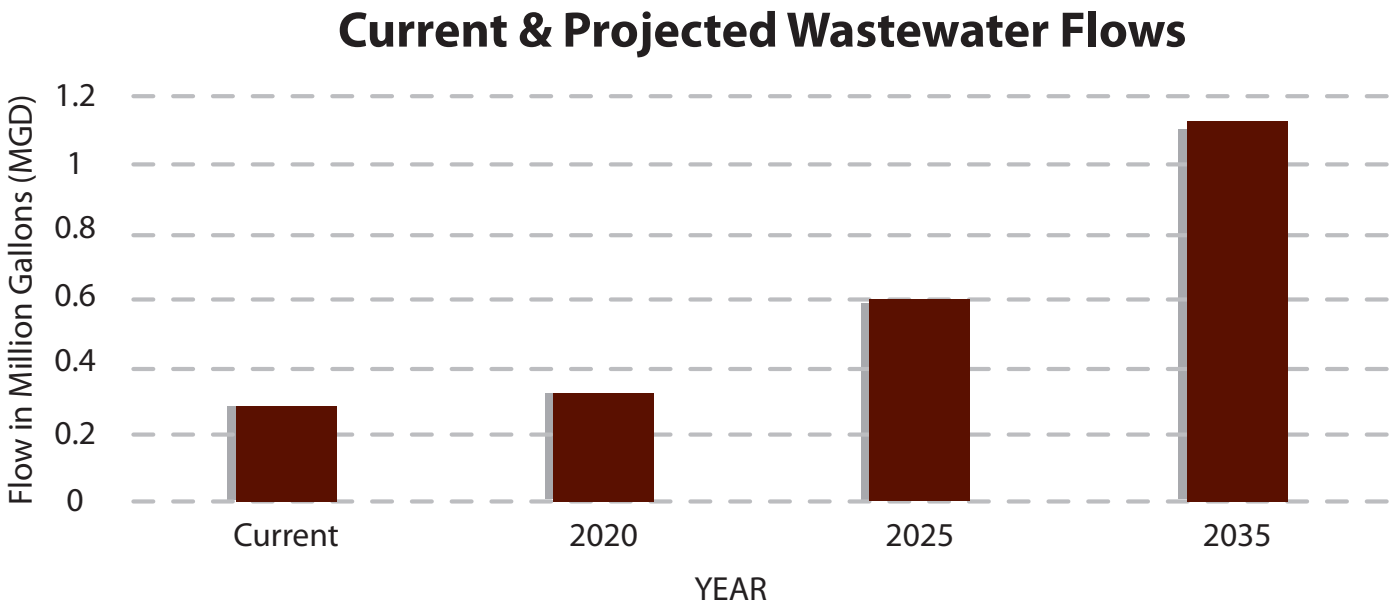


The capacity of the existing wastewater collection system is controlled, for the most part, by the capacity of the existing lift stations, trunk sewers, and the City’s wastewater treatment plant. The treatment plant capacity is .812 MGD wet weather flow, and has a current flow of .290 MGD. The sanitary sewer system and the lift stations within the City of North Branch are well maintained and well managed. Lift stations are cleaned every six months and the complete sanitary sewer system is cleaned annually. The sanitary sewer system is televised to verify the pipe condition and assure reliability of the system. Older segments of the municipal sanitary sewer pipes segments should be replaced as street construction projects are implemented using newer materials less susceptible to inflow and infiltration of ground water and surface water into the system. The City will continue to implement an on-going lift station maintenance and equipment replacement program to maximize the useful lives of the lift stations. Periodic repairs and replacements will be performed as required.

Future Improvements

The following table shows the current and projected wastewater flows from the City of North Branch:

Table 7-E:



The average daily wastewater flow is the total annual volume of wastewater collected within the City of North Branch and pumped to the North Branch Wastewater Treatment Plant divided by 365 days. The average wet weather wastewater flow is average daily flow for the 30 consecutive days that have the highest total flow during that 30-day period in each year.

The capacity of the existing wastewater collection system is controlled, for the most part, by the capacity of the existing lift stations, trunk sewers, and the City's wastewater treatment plant.

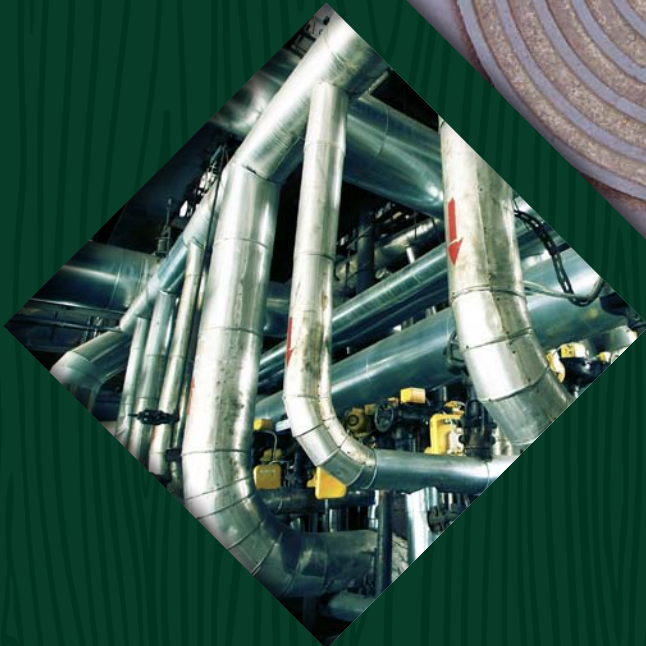


Figure 7-6:
Future Trunk Wastewater

Monthly Flows January 2019

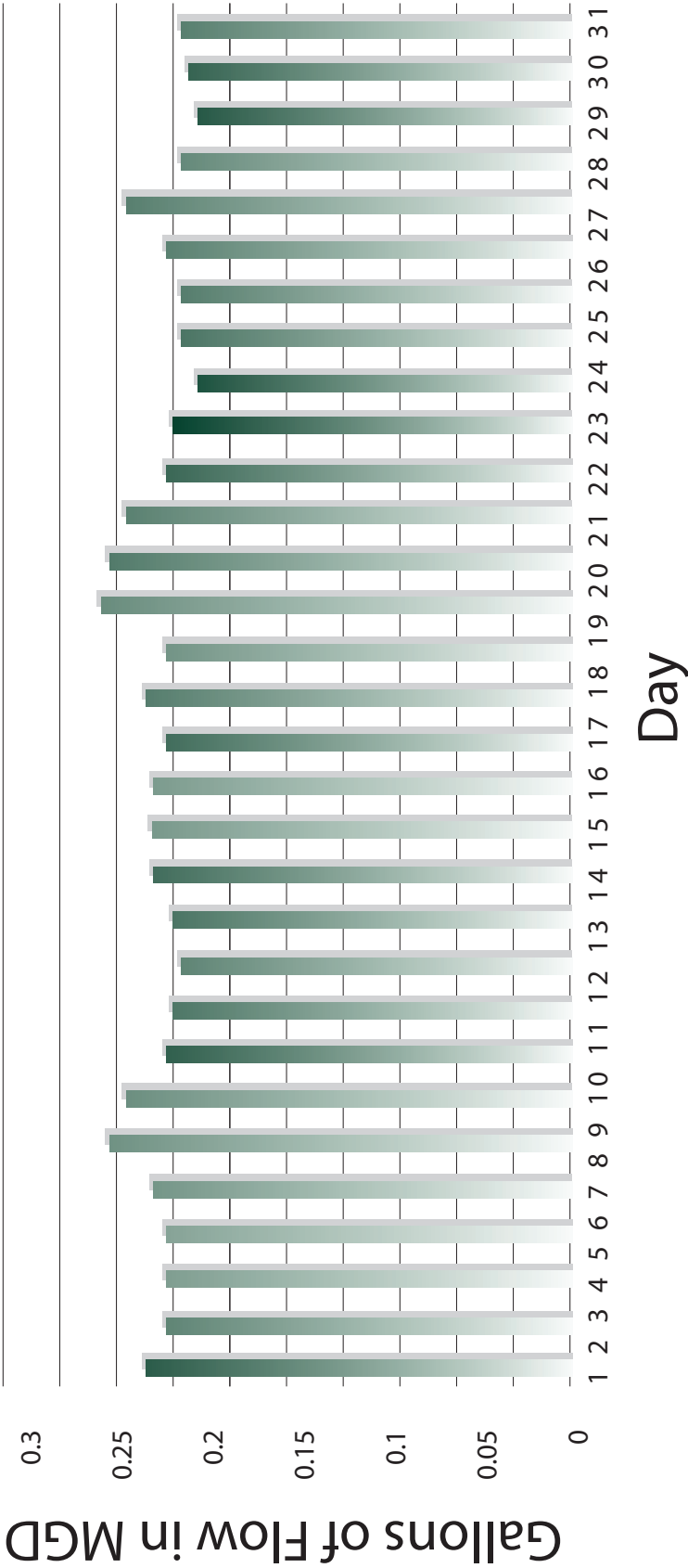
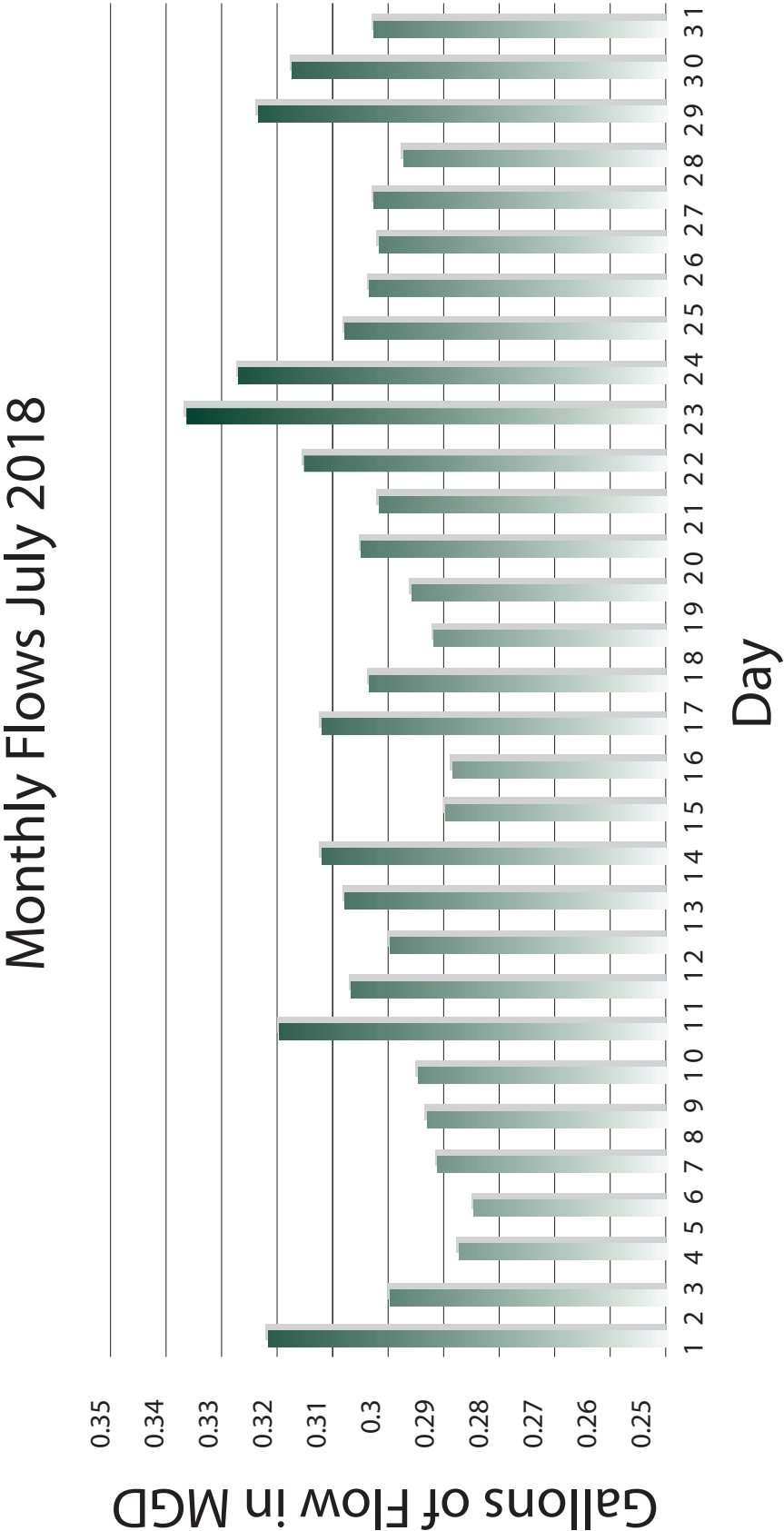


Figure 7-7:
Trunk Wastewater System



**Figure 7-8:
Wastewater Treatment Facility
Expansion & Upgrade**

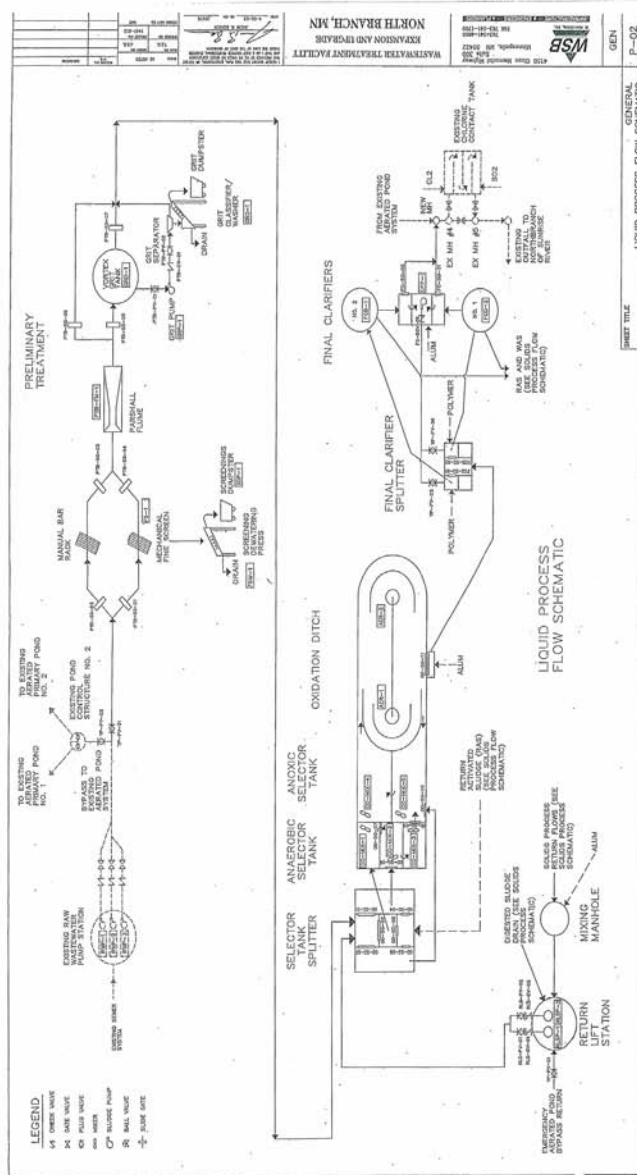
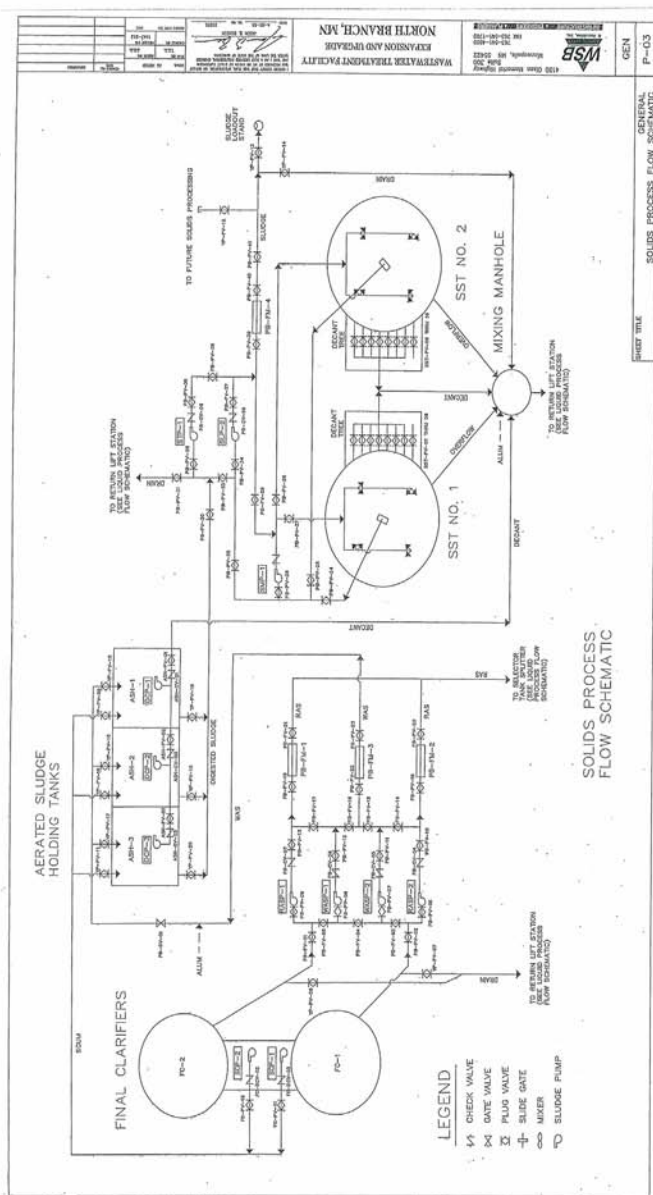


Figure 7-9:
Wastewater Treatment
Facility Expansion &
Upgrade



A system of sanitary sewers will be extended from the trunk sewer into the development areas. These trunk sewers will range in size from 8 inches to 15 inches in diameter. The exact size and configuration of the sanitary sewer system will be dependent on the type and density of development, existing and proposed topography, and in the case of commercial and industrial areas, the extent of water usage/ wastewater discharged. The approximate configuration of the primary network of sanitary sewers and lift stations within the projected development areas is shown in Figures 7-5.



The following section outlines the primary goals for the wastewater system followed by a series of objectives and policies intended to influence future development efforts that align with the community visions in this plan.

Wastewater System Goals, Objectives, and Policies

OBJECTIVE 1.1

EXPAND THE TRUNK WASTEWATER SYSTEM INTO FUTURE GROWTH AREAS.

Policy 1.1.1

Implement the expansion of the trunk sanitary sewer system as areas within the Urban Service Area are developed.

Policy 1.1.2

The trunk wastewater collection system within the future growth areas should generally follow the configuration as shown in Figures 7-6. Final trunk sanitary sewer and lift station sizes and locations should be based on the type, location and sequence of development within the projected growth areas.

Policy 1.1.3

Develop a financing strategy for funding the expansion of the trunk sanitary sewer system; monitor sewer access and trunk fees being assessed to insure that they reflect the costs of the system as it expands; explore assistance programs to reduce demands on the waste water system, resulting in reduced energy and other costs.

GOAL 1

Expand existing wastewater system infrastructure to meet the demands generated by continued development.



GOAL 2

Monitor, evaluate and improve the condition of the City's existing wastewater system infrastructure.

OBJECTIVE 2.1

REPLACE AGING SANITARY SEWER SYSTEM INFRASTRUCTURE.

Policy 2.1.1

Prepare a study to document the condition of deficient sanitary sewers and collection system lift stations based on age, materials and deficiencies identified in sewer televising reports.

Policy 2.1.2

Utilize the information from the sanitary sewer condition study, in conjunction with the condition information for other infrastructure elements, to develop, expand and prioritize projects to be included in the capital improvements.

OBJECTIVE 2.2

MONITOR THE CONDITION OF EXISTING WASTEWATER PUMPING AND TREATMENT INFRASTRUCTURE AND REPLACE AS REQUIRED

Policy 2.2.1

Monitor NPDES wastewater quality standards and identify possible changes to the treatment processes currently utilized by the City.

Policy 2.2.2

Monitor the condition of the City's main lift stations, including the pumps, and continue with regular inspections, maintenance and miscellaneous equipment replacement, with emphasis on higher efficiency equipment, as required to accommodate existing and new users of the system.

Policy 2.2.3

Remove old wastewater ponds/infrastructure to accommodate future expansion as needed.



Stormwater System

General

The goal of the plan is to maintain and improve surface water quality and minimize impacts of increased water quantity through appropriate planning, policy enforcement and capital improvement projects.

Most Minnesota cities have existing pipe networks that were designed to relieve ponding within the original platted city limits. When these systems were designed, the concern for the downstream properties was not a consideration. The goal was the efficient and cost effective removal of stormwater runoff from developed areas. In North Branch's case, this meant the construction of direct pipelines to the Sunrise River with eventual transfer to the St. Croix River.

As little as 20 years ago, the urban storm sewer pipe design recommended by the Minnesota Department of Transportation (MnDOT) on County State Aid Highways for cities the size of North Branch was a 3-year design storm. That is, the pipe system was designed to handle less than a typical 3.5-inch rainfall. Now, as rainfall intensities appear to be increasing and construction costs are increasing faster than material costs, the recommended design is for the pipes to handle a 10-year storm while ensuring that overflow spillway routes prevent property damage for larger storms.

Based on the existing system, the effects of unmitigated growth on the downstream systems can be devastating and can lead to legal action against the governing authority. One of the best methods of mitigating the effects of growth is through the construction of stormwater retention basins. These basins are designed to store excess runoff at elevations where there is no adjacent property damage. The runoff is stored until the existing storm sewer system can take it away. Studies have shown that these basins not only provide flood protection, but can also help to remove stormwater pollutants.

Typically, the most efficient and most economical retention basins serve larger areas. Hence, an effort has been made to locate regional retention ponds as opposed to scattering smaller, localized development basins throughout the City. However, topography and available space must provide optimum locations for regional ponds. Regional ponds cannot be located in an existing wetland without the costly mitigation of the impacted wetland. They are also not recommended in floodplains. Recently, a Minnesota suburb was fined by the Minnesota Pollution Control Agency (MPCA) for illicit discharge of sediment into the Minnesota River associated with its floodplain stormwater treatment pond having its containment bank eroded away by the flooded river. This comprehensive plan considers these factors when recommending Best Management Practices (BMPs). It also considers information from long term residents of North Branch and City staff regarding the observation of the natural ponding associated with heavy rainfalls when siting regional basins.

One drawback associated with regional pond planning is finding a funding mechanism to purchase the land needed and finding ways to have new development assist in their construction. Ideal planning of regional basins includes the purchase of the needed land while constructing the basin with funding generated from area charges on the new developments that generate the excess runoff. The trouble is that the land acquisition should be made before the development occurs, but the development fees are used to pay for the land and regional pond. Greater Minnesota cities are also reluctant to

impose development charges, because their goal is to attract new businesses with low cost, and not to burden them with additional fees.

Although regional ponds are the most cost effective method of hydraulically managing flooding, they are not necessarily the best method of handling the new water quality regulations for stormwater. The water quality regulations for stormwater are ever changing. For example, since 2007, the City of North Branch has been required to obtain a permit for its Municipally Separate Storm Sewer System (MS4).

This MS4 permit is renewed every 5 years and the permit rules continue to evolve. The MS4 permit and in the coincidental Construction Stormwater Permit, municipalities and developers are required to reduce the runoff volume from new construction sites by removing the first 1-inch of runoff. To accomplish this, each new construction site having more than 1-acre of new impervious surfacing must take all appropriate measures to reduce the additional runoff volume created by the proposed new impervious surfaces (roofs and pavement).

Typically the most cost effective ways of accomplishing the required volume reduction is through infiltration or rainwater harvesting. Infiltration practices have the benefit of using the soil to assist in filtering the runoff. They also reduce runoff volumes from a developed area by taking a portion of the runoff and recharging the ground water. As such, they are often touted by surface water management agencies and review authorities. However, they must also be strategically placed to prevent the potential for contamination of City wells. Many cities have restricted the use of infiltration practices inside their wellhead protection area or well capture zone.

Filtration practices, such as filtration basins, biofilters, iron infused sand filters, etc., are similar to the more common infiltration practices, but are designed so that the stormwater filters through plants and filter media before draining into a storm sewer and not infiltrating into the ground. Filtration basins are recommended to manage stormwater runoff and improve water quality within the 1-year Wellhead Protection Area (WHPA). Filtration basins are recommended wherever they will fit into the designs and encouraged wherever local private property owners might request retrofitting them into their landscaping. Any private filtration basins that are installed will help lessen the load on the existing storm sewer system and improve water quality.

The northwest quadrant of North Branch is ideally suited for infiltration because the underlying soils are predominately sandy. On the other hand, much of the southern portion of North Branch has clay soils that are not conducive to infiltration. Because of these water quality regulation changes, it may be advantageous to plan regional ponds for flood prevention associated with extreme rainfall events, while planning smaller water quality BMPs on a neighborhood or individual development scale.

Wetlands

In 1991, the Minnesota Legislature passed the Wetlands Conservation Act (WCA). The WCA is administered according to Minnesota Rules Chapter 8420 to implement the purpose of the Act, which is to:

1. Achieve no net loss in the quantity, quality, and biological diversity of Minnesota's existing wetlands;
2. Increase the quantity, quality and biological diversity of Minnesota wetlands by restoring or enhancing diminished or drained wetlands;
3. Avoid direct and indirect impacts from activities that destroy or diminish the quantity, quality, or biological diversity of wetlands;
4. Replace wetland values where avoidance of activities is not feasible and prudent.

Pretreatment of all stormwater from new developments is required prior to discharge into any wetlands. Wetlands may be, and are currently being used for stormwater storage for larger rainfall events. They may continue to be used for this purpose even after upstream development, provided that:

1. There is acceptable Best Management Practice pretreatment of the runoff in accordance with the MPCA NPDES/ SDS Construction Permit, Section III.D., Permanent Stormwater Management System.
2. The bounce from the normal water level to the high water level does not exceed two feet.

The Minnesota Wetland Conservation Act (WCA) requires the designated Local Governmental Unit (LGU) in charge of administering the WCA to generate a Notice of Wetland Conservation Act Decision for any impact to wetlands within the City of North Branch. For North Branch, the wetland LGU is Chisago County. In all but minor decisions, the LGU will call for a Technical Evaluation Panel (TEP) review of the application or impact prior to issuing a decision. The LGU must give notice of proposed actions affecting wetlands to all of the following:

1. The Minnesota Board of Water and Soil Resources
2. The Soil and Water Conservation District
3. The Minnesota Department of Natural Resources
4. The City of North Branch
5. The U.S. Army Corps of Engineers
6. Interested citizens requesting notification of such actions

If a TEP meeting is required, all listed parties are invited to review the proposed action. However, it is not uncommon for a TEP meeting to consist of only a small contingent of this list, as some invitees may have no jurisdiction over the proposed action.

NPDES Phase II Considerations

General City Permits

In 1987, the US Congress amended the Clean Water Act to include stormwater pollution and directed the Environmental Protection Agency (EPA) to initiate rulemaking. The first round of EPA rules were implemented in 1991 when NPDES Phase I permits were required for all cities exceeding 100,000 in population. Phase II was implemented in 2003 and targeted all cities with populations exceeding 10,000. In 2008, the Phase II rulemaking expanded the list of targeted cities to include cities with

populations exceeding 5,000 and that discharge into an impaired water. The Minnesota Pollution Control Agency (MPCA) assumed responsibility for implementing the rules and issuing all Phase II permits. The NPDES Phase II rules apply to all construction disturbances of one acre or more.

The federal mandates are intended to regulate these sources of continued environmental degradation. New developments have become increasingly targeted. All new developments, creating more than one acre of impervious surfacing, are required to have some form of stormwater treatment. In general, this need can be satisfied by properly designed infiltration/ filtration basins or wet retention basins. The following is a listing of the available stormwater quality and quantity systems currently being designed to handle the water quality/quantity issue:

a. Regional Wet Retention Basins

Numerous studies have been done on the water quality treatment afforded by wet retention basins, most notably one by William Walker Jr. for the Vadnais Lake Area Water Management Area (1987). The Walker study found that properly sized wet retention basins can effectively remove pollutants through sediment removal. When properly sized, these ponds can significantly reduce the contaminant levels, including phosphorus, commonly found in urban stormwater runoff. According to the MPCA's Stormwater Manual, on average wet retention basins can remove 84% of suspended solids, 50% of total phosphorus, and 30% of total nitrogen. Wet retention basins also provide flood storage. Wet retention basins are also well known for their stormwater quantity handling capabilities and work well for areas with Hydrologic Soil Group Type D (clay) soils.

b. Bioretention Systems

Another method of managing stormwater runoff is to install bioretention practices in strategic locations where stormwater will be collected and allowed to filtrate through the planting media or be taken up by vegetation before entering the storm sewer.

c. Infiltration/Filtration Bioretention Basins

According to the MPCA's Stormwater Manual 2, bioretention facilities capture rainwater runoff to be filtered through a prepared soil medium. Pollutants are removed by a number of processes including adsorption, filtration, volatilization, ion exchange and decomposition (Prince George's County, MD, 1993). Filtered runoff from bioretention basins can either be allowed to infiltrate into the surrounding soil (functioning as an infiltration basin or rainwater garden), or collected by an under-drain system and discharged to the storm sewer system or directly to receiving waters ("filtration only" bioretention basin). Due to the groundwater vulnerability and the WHPA covering a portion of lower North Branch, lined filtration basins are recommended for the areas of North Branch within the 1-year WHPA. Runoff from larger storms is generally allowed to bypass the filled bioretention basin and flow directly to the storm drain system. Infiltration/filtration basins are typically designed for treating the water quality and not for the water quantity of urban stormwater runoff.

That is, the MPCA requirement for water quality is to treat the first 1 inch of runoff from a site (water

quality volume). This is in contrast to the larger amount of runoff that may be actually leaving the site for a 3 to 6 inch rainfall (water quantity). Because stormwater quality has become a greater issue, bioretention basins have become a significant design tool for municipal stormwater systems. Bioretention basins can remove 85% of suspended solids, 100% of total phosphorus, and 50% of total nitrogen.

NPDES Phase II Construction Permits

The NPDES Phase II construction stormwater permit requirements have also taken effect. As of August 1, 2013 a new NPDES permit is in effect. A construction permit is required for any disturbance of more than 1 acre. The permit process is best summarized in the following table:

Table 7-E: Construction Stormwater Permit Requirements	
<i>Item</i>	<i>Requirement</i>
<i>Minimum Disturbance Triggering a permit</i>	<i>1 acre</i>
<i>New Homes</i>	<i>Permit required if part of the larger development</i>
<i>Permit Fee</i>	<i>\$400</i>
<i>Stormwater Pollution Prevention Plan (SWPPP)</i>	<i>1. Must be on file 2. Must be submitted if over 50 acres and is within 1 mile and discharges into a Special Water</i>
<i>Responsibility for compliance</i>	<i>Contractor is responsible for erosion controls.</i>
<i>Responsibility after land sale</i>	<i>Owner is responsible for implementation of the SWPPP</i>
	<i>Transferred with the property until Notice of Termination</i>

SWPPP for Construction Permits

The construction permit also requires the preparation of a Stormwater Pollution Prevention Plan (SWPPP) for the disturbed site. The SWPPP requirements are as follows:

- a. Must be designed prior to permit application and available on site.
- b. Should typically use BMPs that are recognized as effective.
- c. Unique innovative designs may be used, but have formal review and monitoring requirements.
- d. Owner must identify a person with approved training in accordance with the Permit who will oversee the implementation of the SWPPP.
- e. Owner must identify a person with approved training in accordance with the Permit that will be responsible for long-term operation and maintenance of the permanent BMPs.
- f. Owner must develop a chain of responsibility to ensure that the SWPPP will be implemented and stay in effect until termination. The SWPPP must have the following:
 1. Location and type of all temporary and permanent erosion controls and sediment control BMPs.

2. Standard plates and specifications for the BMPs.
3. A site map with existing and final grades, subwatershed limits and direction of flow for both the pre and post development drainage areas. The site map must include existing and proposed impervious surfaces and soil types.
4. Locations of areas not to be disturbed (construction limits).
5. Locations of areas of phased construction to minimize duration of exposed soil.
6. All surface waters and wetlands within 1 mile that can be identified on a quadrangle map and will receive runoff from the site.
7. Methods used for final stabilization of exposed soils.
8. The range of soil particles expected to be present at the site.

Permanent Sedimentation Pond Requirements

If more than one acre of new impervious surface is created by the construction, permanent water quality BMPs are required as part of the permanent SWPPP. If the filtration or infiltration alternatives listed above are not possible, a permanent wet retention basin is the most utilized method of meeting the requirements. The new construction stormwater permit requires that the stormwater volume equivalent of 1 inch over any new impervious surface area be retained on site through infiltration or other volume reduction practices. There are some exceptions to this requirement, including projects that have Hydrologic Soil Group D (clay) soils. In the case of D soils, a permanent stormwater pond is a good option. The permanent pond requirements are summarized as follows:

- a. A permanent volume (dead storage) of 1,800 cubic feet per acre draining to the basin.
- b. A water quality volume (equal to 1 inch multiplied by the new impervious surface) that cannot be discharged at a rate exceeding 5.66 cfs per acre of pond surface area (when the pond has both the permanent volume and water quality volume in it).
- c. A 3 foot minimum depth and a 10 foot maximum depth.
- d. Outlets placed to minimize short circuiting and designed to skim floating debris.
- e. An emergency overflow.
- f. Adequate public access (typically 8 feet wide).

Regional Pond Considerations

An area regional pond may be used provided that:

- a. The regional pond is not a wetland.
- b. Must be designed to meet the treatment pond criteria for all impervious surfaces.
- c. Regional pond owner's authorization must be secured as part of the permitting process.

Existing Systems

The City of North Branch is a Municipally Separate Storm Sewer System (MS4). The City of North Branch ultimately drains to the Sunrise River. The City of North Branch operates an extensive stormwater treatment system, serving residential, commercial and industrial users. There are several stormwater ponds in the City's stormwater system.

All areas served by public ditches are subject to the rules governed by Minnesota Statute 103E and

under the governance of Nicollet County. Minnesota Statute 103E states that all connections to the ditch, or in this case, the County Tile, must be petitioned to the County Auditor.

There is no other record that the City has entered into any water resource management related agreements with its neighboring cities, the county, watershed district, lake associations or the state of Minnesota. The City of North Branch has been responsible for construction, maintenance, and other projects in or along the City's stormwater collection systems outside of the mainline County ditch and tile systems.

In 1998, the Minnesota Pollution Control Agency (MPCA) listed the North Branch of the Sunrise River as an impaired water for excessive E. coli fecal coliform TMDL under section 303 (d) of the Clean Water Act. The river, from its headwaters near Weber in Isanti County to its confluence with the main stem of the Sunrise River near Hay Creek in Chisago County, was listed as impaired for primary contact recreation swimming. The North Branch of the Sunrise River is located in east central Minnesota. It is a tributary of the Sunrise River and is part of the larger St. Croix River basin.

Future Improvements

Generally, the City will work to ensure erosion control and surface water quality standards are met through enforcement of the City's permitting requirements and implementation of Best Management Practices (BMPs) such as regional stormwater ponds. The City will ensure compliance with the National Pollutant Discharge Elimination System (NPDES) Phase II permits for municipal operations and for construction activity greater than 1 acre. City cooperation with the Minnesota Pollution Control Agency (MPCA) is key to maintaining the relevance of the City's plan.



Figure 7-10:

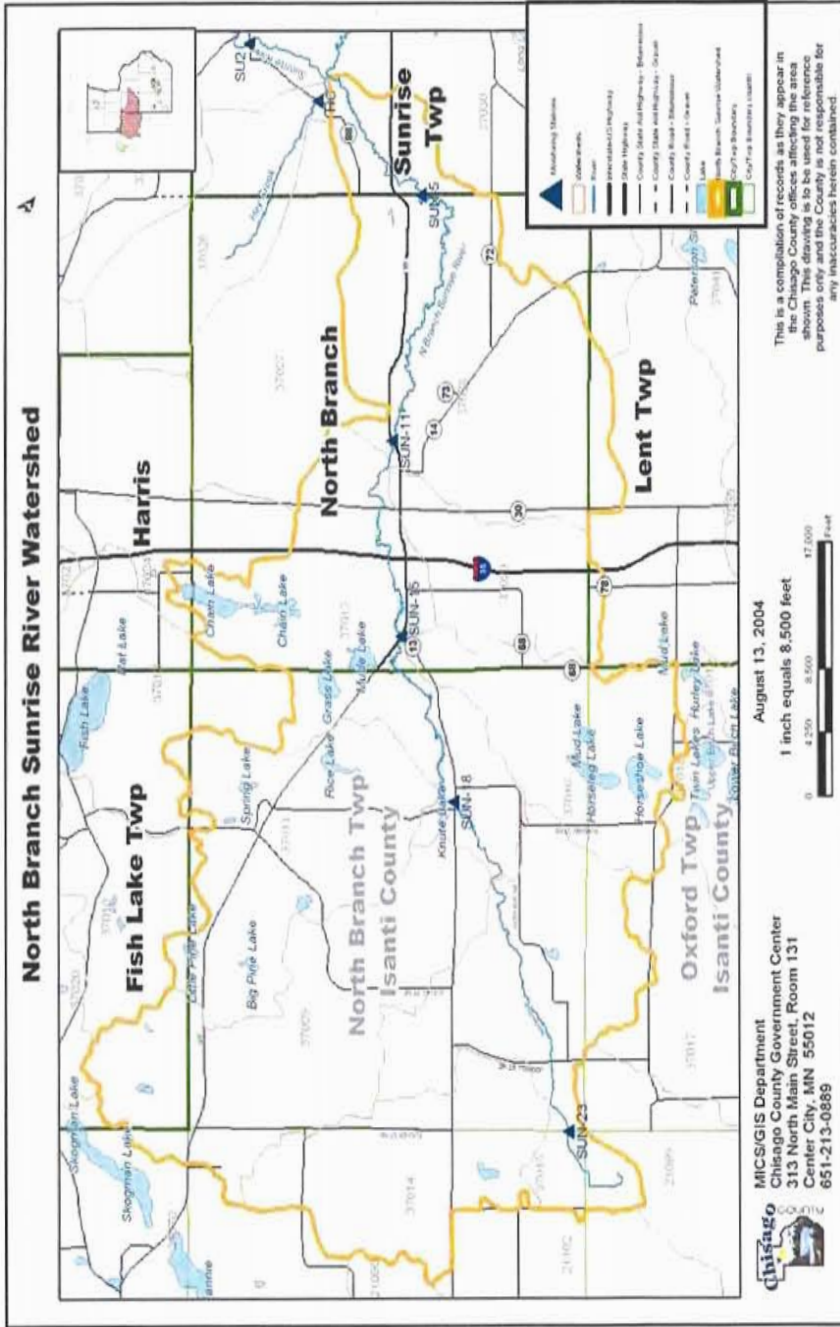
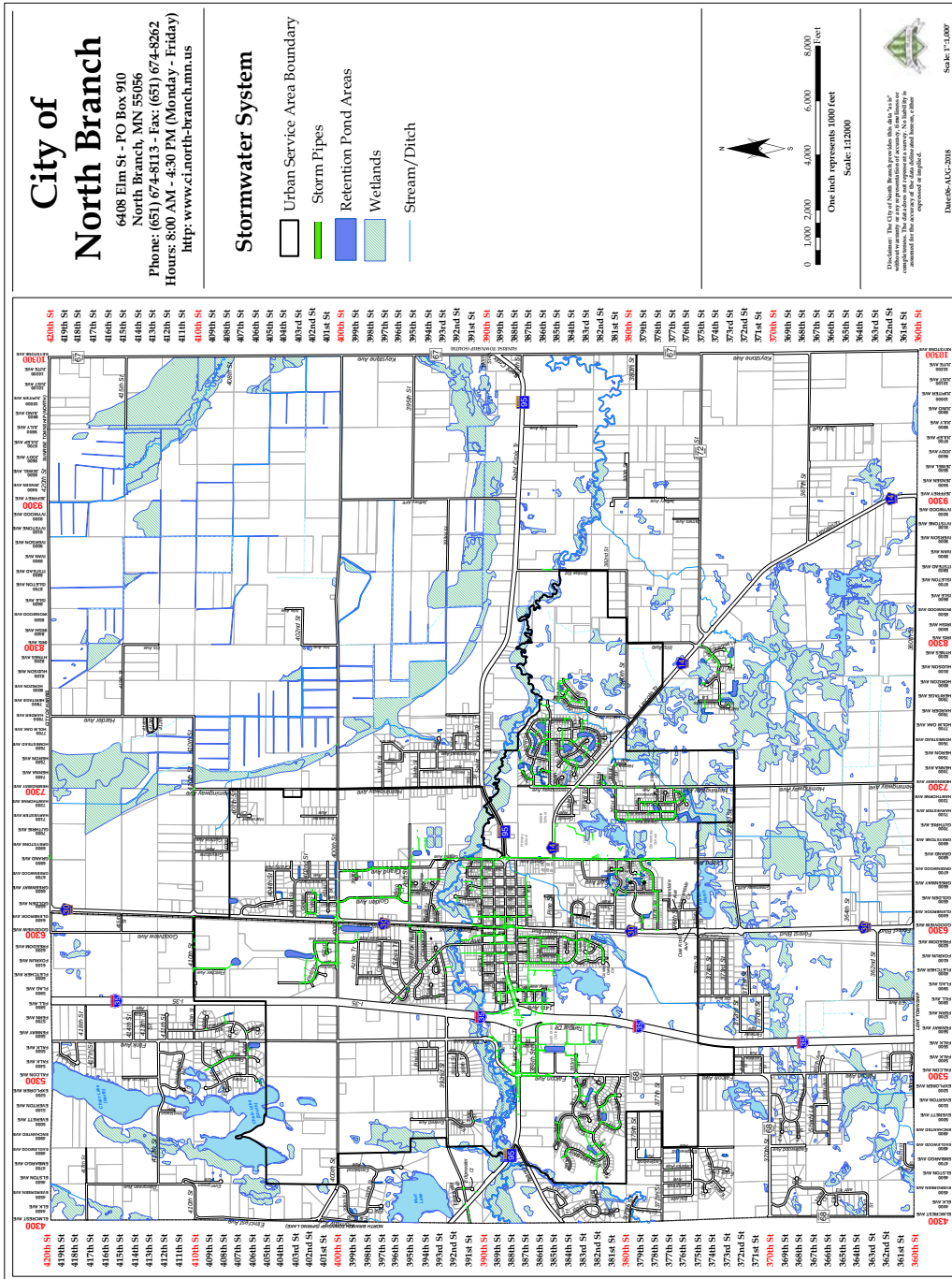


Figure 7-11:
Storm Sewer
Existing Map



GOAL 1

Expand existing stormwater management system infrastructure to meet the demands generated by continued development.

Stormwater System Goals, Objectives, and Policies

The following section outlines the primary goals for the stormwater system followed by a series of objectives and policies intended to influence future development efforts that align with the community visions in this plan.

OBJECTIVE 1.1

EXPAND THE STORMWATER COLLECTION, TREATMENT AND OUTFALL SYSTEM INTO FUTURE GROWTH AREAS.

Policy 1.1.1

Include in existing stormwater system maps the locations of culverts serving the rural areas of the city (with dates of installation) so as to better anticipate repairs, replacements and future maintenance of the public ditch systems.

Policy 1.1.2

Implement the expansion of the stormwater collection, treatment and outfall system as areas outside the limits of the existing stormwater collection system are developed, with a focus on regional stormwater ponds, where possible and infiltration Minimal Impact Design Standards (green infrastructure).

Policy 1.1.3

Final collection, treatment and outfall sizes and locations should be based on the type, location and sequence of development within the projected growth areas.

Policy 1.1.4

Develop a financing strategy for funding the expansion of the stormwater collection, treatment and outfall system.



OBJECTIVE 2.1

REPLACE AGING STORM SEWER SYSTEM INFRASTRUCTURE.

Policy 2.1.1: Prepare a study to document the condition of deficient storm sewers and ponds based on age, materials and other known deficiencies.

Policy 2.1.2: Utilize the information from the storm sewer condition study, in conjunction with the condition information for other infrastructure elements, to develop, expand and prioritize projects, including those to implement green infrastructure science practices, to be included in the capital improvements.

OBJECTIVE 2.2

ADDRESS SEDIMENTATION ISSUES IN THE CITY'S EXISTING STORMWATER TREATMENT PONDS.

Policy 2.2.1

Develop a study to determine the levels and characteristics of sediment in the City's existing stormwater ponds.

Policy 2.2.2

Develop a plan for cleaning sediment from ponds and for disposal of sediment.

GOAL 2

Monitor, evaluate and improve the condition of the City's existing stormwater system infrastructure.



8

NATURAL ENVIRONMENT, PARKS, TRAILS, AND RECREATION

Introduction

Natural resources are beneficial to the social, environmental, and economic vitality of a community. To ensure their quality and benefits, it is essential to plan and manage natural resources and areas as we do residential and commercial areas. The City of North Branch will promote, preserve and enhance the natural resources within the city and protect them from adverse effects occasioned by poorly sited development or incompatible activities by regulating land disturbances or development activities that would have an adverse and potentially irreversible impact on water quality and unique and fragile environmentally sensitive land; by minimizing conflicts and encouraging compatibility between land disturbing and development activities and water quality and environmentally sensitive land; and by requiring detailed review standards and procedures for land disturbing or development activities proposed for such areas, thereby achieving a balance between urban growth and development and protection of water quality and natural areas.

Wildlife Corridor

The Minnesota DNR has identified a regional greenway corridor in North Branch as part of the Metro Wildlife Corridors project (a 12-county metro area). The project, “ensuring that people and nature in the Twin Cities Area can grow together for generations to come” seeks to protect and restore key natural lands in the metro area by:

- Focusing pro-actively on strategic areas, of which North Branch is a part
- Efficiently leveraging private and public partners and resources
- Building upon prior investments in public lands, and
- Enhancing the cost-effectiveness of conservation efforts by coordinating them within a regional framework.

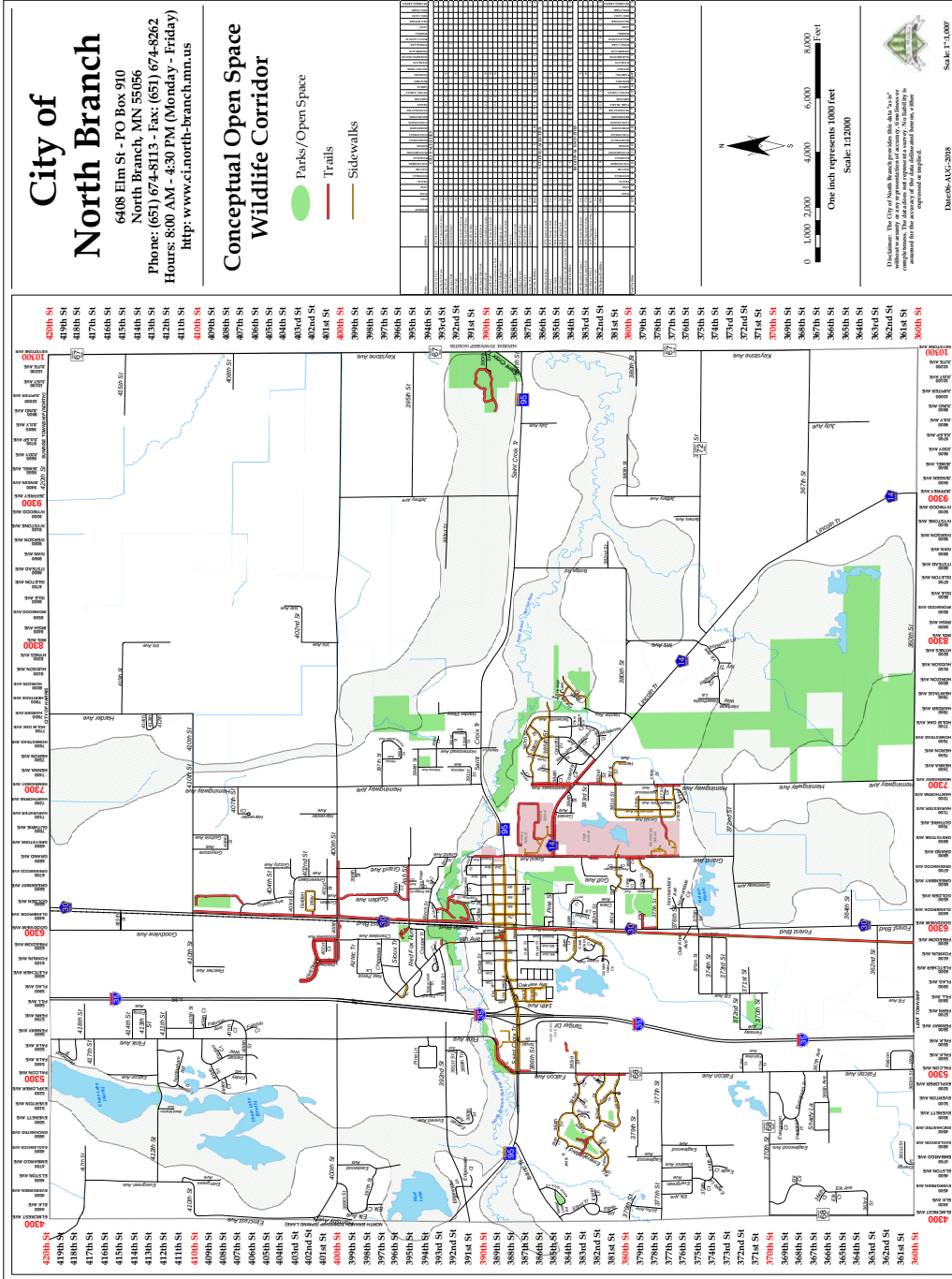
This corridor is specifically designed to incorporate, the high quality natural areas such as those identified in the Natural Resource Inventory or mapped by the MnDNR, natural corridors such as the Sunrise River, and areas that connect these features.

The City of North Branch supports the preservation of natural and open spaces along the north branch of the Sunrise River, the city’s name sake. It has also identified a conceptual greenway corridor, and as much as possible, development within the greenway corridor, should be encouraged to use conservation design strategies, conservation easements, park dedication, parcel evaluation, and the strategic siting of open space and natural areas parks to develop and improve habitat quality and connectivity within the greenways. Strategies to avoid fragmentation of existing natural areas are especially important for maintaining ecological function of the natural areas.



The City of North Branch will promote, preserve and enhance the natural resources within the city

Figure 8-1:
Conceptual Open
Space Wildlife Corridor



Tree Preservation

The City's tree preservation ordinance acknowledges the benefits and amenities trees offer to the community and acknowledges that trees are part of a more complex, interrelated system. Trees protect the environment by moderating climate, improving air quality, reducing erosion and stormwater runoff, and harboring wildlife. The ordinance focuses on protection of quality wooded areas rather than of individual trees. To preserve wooded areas in the City, each new development is required to submit a Tree Preservation Plan. The regulation also provides guidance for permitted tree removal, mitigation procedures, and tree replacement provisions.

Minnesota GreenStep City

In 2018, the Mayor and City Council approved a resolution to make North Branch a GreenStep City through the Minnesota Pollution Control Agency and League of Minnesota Cities' program. Minnesota GreenStep Cities is a voluntary challenge, assistance and recognition program to help cities achieve their sustainability and quality-of-life goals. This free continuous improvement program, managed by a public-private partnership, is based upon 29 best practices. Each best practice can be implemented by completing one or more actions at a 1, 2 or 3-star level, from a list of four to eight actions. These actions are tailored to all Minnesota cities, focus on cost savings and energy use reduction, and encourage civic innovation. North Branch is currently a Step 1 City. As North Branch plans for the future, it will continue to consider GreenStep City Best Management Practices as they relate to the goals and objectives of this comprehensive plan.

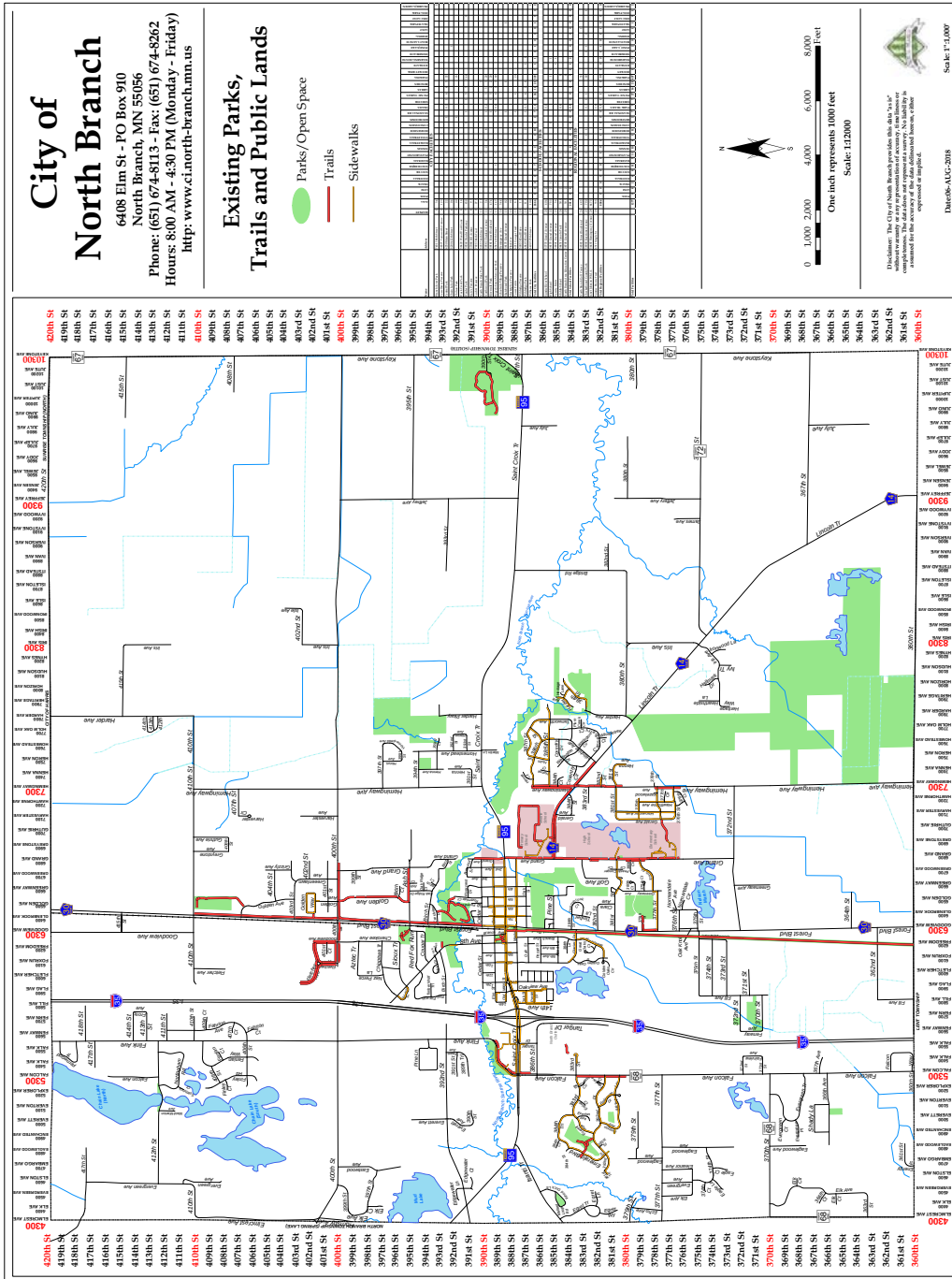
Parks, Trails and Recreation

The comprehensive parks and recreation plan is the first planning document devoted to establishing park, recreation, and trail planning criteria, guidelines, and standards, for future development of these amenities within the City of North Branch. The existing park system is already fairly developed with a strong emphasis and need placed on youth recreation opportunities. The community has done a good job of including sidewalks in various neighborhoods, but currently lacks a comprehensive trail system along TH 95 and the Sunrise Prairie Trail needs to be extended from 410th north to the city limits. Pedestrian and bike crossings are needed throughout the City. In addition, alternative transportation and exercise options through the use of trails should continue to be expanded and enhanced.

*North Branch is part of the
Metro Wildlife Corridors
project (a 12-county metro
area)*



Figure 8-2:
Existing Parks, Trails
& Public Lands



Vision for Natural Environment

Natural infrastructure includes all systems that relate to natural resources and contribute to an improved public life. Natural infrastructure considers the full range of natural resource uses including economic, environmental, health, cultural, and aesthetic. This broad view leads us to include surface water, groundwater, stormwater, wastewater, drinking water, geology, topography, soils, natural areas, open space, green spaces, urban forest, habitat, vegetation, scenic views, and parks and trails in natural infrastructure.

Natural infrastructure is a key element in planning where development should or should not take place within a city. This element is important to communities and development as it avoids certain development hazards, provides health benefits to citizens, protects ecological systems and enhances biological diversity, supports economic activities such as mining and forestry, and offers communities unique quality of life components. Consideration of natural infrastructure ensures that homes are built upon stable dry soils, provides clean drinking water, accounts for resource based economic activities, provides scenic views and open spaces, and plans development that respect the integrity of natural systems and incorporate natural features into development.



Natural Environment Goals, Objectives, and Policies

OBJECTIVE 1.1

PRESERVE OPEN SPACE AND WILDLIFE CORRIDOR.

Policy 1.1.1

Build upon the Metro Area Green Corridor System within North Branch incorporating the wooded edge while maintaining the rural character of the City's major natural amenities into the Open Space System.

Policy 1.1.2

Identify and conserve critical wildlife habitat including nesting sites, foraging areas, and migration corridors within or adjacent to natural areas, open spaces, and the developing urban areas, preserve sensitive habitat sites that support threatened species and urban wildlife habitat.

Policy 1.1.3

Identify and conserve forested and woodland cover and the scenic attributes provide between rural and urban land uses, preserve and protect significant environmental features including unique wetlands, open spaces, woodlands, shorelines, waterfronts and other characteristics that support wildlife and reflect the cities resource heritage.

Policy 1.1.4

Develop Partnerships with other organizations, institutions, and local units of government on planning and zoning, land use, preservation and conservation related issues, capitalize on the development and promotion of the North Branch of the Sunrise River and take ownership and promote the advantages of the City's relationship to the Saint Croix National Scenic Riverway and the importance the North Branch of the Sunrise River has to the river's federally protected status.

GOAL 1

Develop an integrated plan that balances community growth, natural resources, cultural and historical features.



OBJECTIVE 1.2

MAINTAIN HEALTHY URBAN FOREST AND PARK SYSTEM.

Policy 1.2.1

Continue high standards of park and public land maintenance, and management by continued investment in personnel, equipment, and methods, expand sustainable practices and invasive species management (i.e. the Emerald Ash Borer, buckthorn, etc.) and obtain the information, training and resources needed to effectively address planning, preservation and conservation issues.

Policy 1.2.2

Undertake citizen-based planning designed to manage growth and build needed infrastructure, while at the same time preserving the natural qualities with which the region is blessed.

Policy 1.2.3

Increase natural areas and open space linkages within the developing urban areas

OBJECTIVE 1.3

FOSTER NATURAL PARK DEVELOPMENT.

Policy 1.3.1

Promote native landscaping and greening initiatives, support use of best management practices and reduction of chemical use, establish community gardens, and encourage the use and planting of pollinator friendly habitats.

OBJECTIVE 1.4

IDENTIFY, PRESERVE, AND ENHANCE NORTH BRANCH'S MULTICULTURAL HERITAGE, TRADITIONS, AND CULTURAL FEATURES WITHIN HISTORICAL SITES, BUILDINGS, ARTWORK, PARKS, OPEN SPACE, AND TRAILS TO PRESERVE INTEREST AND PROVIDE A BALANCED SOCIAL EXPERIENCE.

Policy 1.4.1

Identify, designate and protect significant historic structures and sites, establish history and heritage preservation programs utilizing existing resources to help increase knowledge and promote the history and heritage of North Branch.

Policy 1.4.2

Implement natural resources and environmental educational and interpretive programs.

Vision for Parks, Trails, and Recreation

To provide a comprehensive and balanced system of parks, greenways, trails, and support for providers of recreation- orientated activities / programs for city residents in an as cost effective manner as possible.

Park Goals, Objectives, and Policies

The following section outlines the primary goals for parks followed by a series of objectives and policies intended to influence future development efforts that align with the community visions in this plan.

OBJECTIVE 1.1

PLAN AND DESIGN PARKS, TRAILS, SIDEWALKS, AND BIKE PATHS IN A WAY THAT ENSURES THEIR LONG TERM VIABILITY.

Policy 1.1.1

All park properties that are set aside (and/or are proposed in the future) must take into account the long-term commitments required to develop, operate, and maintain across their lifecycles, with buildings constructed to the state's SB2030 performance standards for on-going cost reductions, when feasible.

Policy 1.1.2

Balance maintained turf areas with natural areas to add aesthetic appeal, control maintenance costs, infiltrate stormwater, eliminate toxic chemical use and provide wildlife habitat, and reduce carbon emissions.

Policy 1.1.3

Update parks plan every 5-10 years depending on the amount of change and development within the city.

Policy 1.1.4

Explore alternative methods for parkland dedication that will assure sufficient park facilities well into the future.

Policy 1.1.5

Phase Improvements based on replacement needs and available funding. Manage system investments through analysis of applicable data.

GOAL 1

Plan for a sustainable park and trail system.



OBJECTIVE 1.2

UNDERSTAND CURRENT TRENDS AND COMMUNITY ISSUES, OPPORTUNITIES, AND NEEDS AS RELATED TO PARKS WITHIN THE CITY.

Policy 1.2.1

Discuss local and regional park and trails issues and opportunities with the Department of Natural Resources, Chisago County, adjacent communities, environmental organizations, and others.

Policy 1.2.2

Master plans should be prepared for each park prior to their development to ensure that the right mix of amenities are provided and the park's design is cohesive and complementary to the design for other parks and public spaces.

Policy 1.2.3

Ensure public participation in the master planning process is included for each park development project.

Policy 1.2.4

Analyze the placement and use of "nature play" equipment in existing and proposed parks.

OBJECTIVE 1.3

USE SUSTAINABLE DESIGN PRACTICES.

Policy 1.3.1

Use renewable energy where possible (i.e. solar lights for trails, solar power at athletic facilities).

Policy 1.3.2: Consider use of recycled materials and promote recycling in all park areas.

OBJECTIVE 1.4

IDENTIFY ALTERNATIVE, SUSTAINABLE REVENUE SOURCES.

Policy 1.4.1

Expand grassroots parks and recreation advocacy.

Policy 1.4.2

Pursue alternative revenue sources such as program fees, community funds, grants, charitable gaming, memorials, commemoratives, and donations, etc.

Policy 1.4.3

Encourage business involvement, sponsorship, and naming rights of parks, recreation facilities and events.

Policy 1.4.4

Apply marketing strategies to increase income potential and broaden awareness.

OBJECTIVE 2.1

SERVICE LOCAL PARK AND RECREATION NEEDS BY PROVIDING NEIGHBORHOOD AND COMMUNITY PARKS AS RESIDENTIAL GROWTH OCCURS.

Policy 2.1.1

Ensure neighborhood parks are developed as part of new residential neighborhoods with buildings constructed to the state's SB2030 performance standards for on-going cost reductions, when feasible.

Policy 2.1.2

Explore the possibility of including a community park in appropriate areas of the City.

Policy 2.1.3

Locate new parks based on how they can be best integrated with the new development that the park will serve.

GOAL 2

Provide additional park and recreation opportunities in areas of new development throughout the city.



GOAL 3

Adhere to Park
Master Planning
and Facility
Design Quality
/ Development
Standards.

OBJECTIVE 3.1

ENSURE THE QUALITY STANDARD FOR BUILT FEATURES WITHIN THE PARK SYSTEM IS CONSISTENT WITH INDUSTRY STANDARDS FOR SAFETY, DURABILITY, AND ACCESSIBILITY.

Policy 3.1.1

Periodically inspect and repair all parks, trails, and recreation facilities for hazardous conditions, including unsafe play equipment, fallen vegetation, etc.

Policy 3.1.2

The design of individual parks should be of a consistent quality, with buildings constructed to the state's SB 2030 performance standards for on-going cost reductions, when feasible.



OBJECTIVE 4.1

CREATE AND SUSTAIN CRITICAL PARTNERSHIP.

Policy 4.1.1

Partner with the North Branch School District, local athletic organizations, private enterprises, surrounding communities, and others to address those community and regional needs that cannot be met exclusively by the city or others.

Policy 4.1.2

Cultivate and support public/private partnerships with organizations like the YMCA, Park Trail Council and similar non-governmental organizations whose mission is to promote active living and recreation.

Policy 4.1.3

Involve representatives from the North Branch School District, athletic organizations, and others when developing new parks that may be co-located with educational and daycare facilities.

Policy 4.1.4

Consider the desire of the community to offer a multi-use athletic facility to the residents and attract regional tournaments and events.

Policy 4.1.5

Explore the impacts of developing such facilities, including impacts to adjacent neighborhoods.

Policy 4.1.6:

New facilities should provide year-round activities and programs for all age groups and all income levels.

Policy 4.1.7

Identify and build relationships with local special interest groups, such as scouting programs, Chisago County Master Gardeners, North Branch Monarch Strategy Group, North Branch Garden Club, North Branch Arts Group, Lions, Rotary, etc.

GOAL 4

North Branch's parks meet the diverse recreation needs of the community.



Policy 4.1.8

Identify and build relationships with regional organizations, such as Chisago County Parks and Recreation Department, Chisago Soil & Water Conservation District, Friends of Wild River State Park and association with the St. Croix River National Scenic Riverway and the Lower St Croix Management Commission, Chisago County Historical Society, etc.

OBJECTIVE 4.2

PROMOTE THE CITY'S PARKS AND RECREATION ACTIVITIES AND OPPORTUNITIES

Policy 4.2.1

Utilize diverse methods of communication, including social and digital media, and highlight youth, families, volunteers, etc. Provide information on the City's website and in outside publications about parks, facilities and programming that is accessible to all people.

Policy 4.2.2

Highlight the quality of life benefits of parks, trails, recreation and open space.



OBJECTIVE 5.1

USE PARK DESIGN TO MAKE THEM WELCOMING.

Policy 5.1.1

Ensure visible and legible signage at park entrances, use recognizable branding to indicate that parks are open to all people, provide entrances on public streets, and utilize vegetation that does not obscure views into and through the parks.

OBJECTIVE 5.2

IMPROVE THE PERCEPTION OF PUBLIC SAFETY.

Policy 5.2.1

Utilize planning techniques, designs and site planning to improve safety, such as cluster compatible activities to avoid conflicts and increase social observation, locate parking lots and facilities near streets so they are easily observable at night, locate restrooms and playgrounds in areas that are easily observable, and use the principles of Crime Prevention Through Environmental Design (CPTED) in the design of parks.

OBJECTIVE 5.3

ENSURE SAFETY THROUGH REGULAR MAINTENANCE AND EQUIPMENT UPGRADES.

Policy 5.3.1

Conduct annual inspections of parks, buildings, restrooms, shelters, ballfields, play courts, skate park, outdoor ice rinks, parking lots, trails, and nature areas. Input annual inspections into asset management system and use to analyze and prioritize system investments.

GOAL 5

Provide a welcoming and safe parks and recreation system.





Prepared By: Nathan Sondrol, Community Development Director

Presenter: Nathan Sondrol, Community Development Director

Date: 05/13/2025

Board & Commission: Economic Development Authority

Subject: 2026 EDA Budget

Attached is the DRAFT preliminary 2026 EDA budget along with the current debt schedule for Industrial Park.

Recommended EDA Action

City staff are looking for discussion and direction from the EDA.

Voting Requirements:

None.

EDA Fund

2026 Revenue and Expenditure Budget

Description	2024 Actual		2025 YTD		
EDA Revenue	2023 Actual	(Unaudited)	2025 Adopted	Actual	2026 Proposed
Current Ad Valorem Taxes	\$ (164,530)	\$ (560,111)	\$ (561,045)	\$ -	\$ (617,543)
Delinquent Ad Valorem Taxes	(1,741)	-	-	-	-
Application Fees	(1,000)	-	-	-	-
Mkt Value Credit	(812)	(1,185)	-	-	-
Other Revenues	-	-	(4,066)	-	-
Interest Earnings	-	(3,936)	-	-	(200)
Other Rents and Royalties	(3,600)	(3,600)	(3,600)	-	(63,600)
Transfer From Other Fund	-	(185,000)	(185,000)	-	(185,000)
Total Revenue	\$ (171,683)	\$ (753,832)	\$ (753,711)	\$ -	\$ (866,343)

Description	2024 Actual		2025 YTD		
EDA Expenditures	2023 Actual	(Unaudited)	2025 Adopted	Actual	2026 Proposed
Employees Wages & Salaries	\$ 117,208	\$ 51,415	\$ 77,990	\$ -	\$ 95,675
PERA	6,881	3,544	5,850	-	7,175
FICA and Medicare	7,228	3,883	5,966	-	7,319
Employer Paid Health	5,439	2,680	14,038	-	18,325
Worker s Comp Insurance	-	-	750	-	750
Operating Supplies	-	941	200	-	500
Professional Svcs	13,457	53,142	-	-	15,000
Auditing and Acct g Services	1,486	(404)	1,000	-	1,054
Engineering Fees	7,695	9,199	10,000	-	10,000
Attorneys Fees	14,250	18,250	10,000	-	10,000
Travel Expenses	30	75	2,500	-	1,100
Conference & Training	263	20	1,735	-	1,700
Meeting Expense	-	307	-	-	-
Marketing	4,281	1,181	5,200	-	5,200
Legal Notices Publishing	-	-	120	-	120
General Notices	-	-	-	-	-
Insurance	880	1,157	960	-	1,200
CBD Improvement Fund	-	-	75,000	-	75,000
Dues and Subscriptions	985	1,520	895	-	2,300
Recording Fees	56	-	-	-	-
PropTaxes/ Assessments	858	-	29,375	-	-
Transfer Out	-	341,579	364,000	-	345,000
Total Expenditures	\$ 180,998	\$ 488,488	\$ 605,579	\$ -	\$ 597,418

Professional Services

Acct 50300

What	Cost	Qty	Total
Market Analysis	15,000.00	1	15,000.00

15,000.00**Travel Expenses**

Acct 50331

What	Cost	Qty	Total
EDAM Conference Hotel (2 nights)	300.00	2	600.00
EDAM Conference Mileage (220 miles @ 2025 Standard Rate)	0.70	220	154.00
General Other Meeting Mileage	0.70	400	280.00

1,100.00**Conference & Training**

Acct 50332

What	Cost	Qty	Total
EDAM Winter or Summer Conference	400.00	1	400.00
Ehlers Conference	300.00	1	300.00
MNCAR Expo	500.00	1	500.00
			500.00

1,700.00**Marketing**

Acct 50343

What	Cost	Qty	Total
NBACC Bronze Sponsor	699.00	1	699.00
NBACC Golf Tourney Hole Sponsorship	350.00	1	350.00
NB Beautification Flower Basket	125.00	1	125.00
Old Highway 61 Coalition	200.00	1	200.00
MNCAR Expo Sponsor (Tote Bag or Expo Booth)	1,200.00	1	1,200.00
General Marketing	2,626.00	1	2,626.00

5,200.00**Dues and Subscriptions**

Acct 50433

What	Cost	Qty	Total
EDAM	\$ 320.00	1	320.00
MNCAR Membership	\$ 325.00	1	325.00
ECDP	\$ 900.00	1	900.00

NBACC Chamber Luncheons (Annual fee and meeting fee)	\$	740.00	1	740.00
				<u>2,300.00</u>

DEBT SCHEDULE

Fund 387 - Taxable Refunding Lease Revenue Fund
2017 EDA

YEAR	PRINCIPAL	INTEREST	PAYMENT	BALANCE
2026	280,000.00	61,016.00	341,016.00	1,490,000.00
2027	290,000.00	50,981.50	340,981.50	1,200,000.00
2028	300,000.00	40,300.00	340,300.00	900,000.00
2029	310,000.00	28,951.50	338,951.50	590,000.00
2030	315,000.00	17,012.75	332,012.75	275,000.00
2031	275,000.00	5,458.75	280,458.75	-

DEBT SCHEDULE

Fund 476 - Industrial Park/ESSBY Fund

County Lease Purchase

YEAR	PRINCIPAL	INTEREST	PAYMENT	BALANCE
2026	153,256.00		153,256.00	-



Prepared By: Nathan Sondrol, Community Development Director

Presenter: Nathan Sondrol, Community Development Director

Date: 05/14/2025

Board & Commission: City Council

Subject: Purchase Agreement with Sunrise River Commons, LLC.

Overview / Background

On July 25, 2023, the City Council approved Resolution No. 49-23-CC, authorizing the purchase from Chisago County two (2) tax-forfeited parcels within the North Branch Development District. The two (2) lots are located on Highway 95, west of Interstate 35 (PINs: 11.00410.14 and 11.00410.28). Both properties have remained vacant since they were created by plat in 2008. Parcel 1 (11.00410.14) is located north of the Holiday gas station; Parcel 2 (11.00410.28) is located at the northwest corner of Interstate-35 and Highway 95 (Subject Properties). The purchase price for the Subject Properties, as set by Chisago County, was \$206,731 (Parcel 1) and \$258,296 (Parcel 2). The purpose of acquiring the two (2) properties was identified as necessary to facilitate development opportunities in this area.

At that same meeting, the City Council authorized City staff to negotiate a purchase agreement with SMNPT 1, LLC, renamed to Sunrise River Commons, LLC (Developer). The City is required to sell both parcels for the same price as what the City paid for them. The developer was responsible for developing the Chipotle and Starbucks developments. The Purchase Agreement was finalized on November 27, 2023, and executed by both the City and Developer on February 15, 2024.

The Developer has since been working through its due diligence, notably identifying potential users, and has requested a fourth extension to the Closing Date and Contingency Period identified in the Purchase Agreement. The Council approved a first amendment on May 28, 2024, to extend the closing date to September 28, 2024, and approved a Second Amendment to extend the closing date to December 1, 2024, and a Third Amendment to extend to March 15, 2025, and a Fourth Amendment to extend the agreement to April 29, 2025.

During the closing process, the buyer has requested the items below be acted on in order to clear title for closing on this sale

For the City Council:

1. Partial Release of Second Flink Avenue Agreement as to Assessment and Waiver of Irregularity and Appeal

1. Staff have confirmed these assessments were paid for and or written off during the tax forfeiture, so this release can go forward.
2. Partial Release of Special Assessment Agreement (Old Little Sweden Inc. - assessment agreement)
 1. Staff have confirmed that they have been taken care of, this was a 1992 agreement.
3. Partial Release of Agreement City of North Branch (North Branch Market Place - Tax Abatement, Business Subsidy, Development, and Subdivision Agreement)
 1. A certificate of completion on the project was filed in 2010. This abatement and subsidy have run their course.
4. **Partial Release of Contract for Private Development (Old Little Sweden Inc. - redevelopment agreement) *[requires both Council and EDA action]***
 1. **Releasing the old Parcel F, which includes a portion of the land being sold to Sunrise.**

Requested EDA Action

Motion to consider approving the release, and authorizing staff to execute the attached documents

Voting Requirements:

Voting Options Simple Majority



Subject Properties

**PARTIAL RELEASE OF TAX ABATEMENT, BUSINESS SUBSIDY, DEVELOPMENT
AND SUBDIVISION AGREEMENT AND TERMINATION OF SECOND PUBLIC
UTILITIES AGREEMENT AS TO ASSESSMENT AND WAIVER OF IRREGULARITY
AND APPEAL**

**THIS PARTIAL RELEASE OF TAX ABATEMENT, BUSINESS SUBSIDY,
DEVELOPMENT AND SUBDIVISION AGREEMENT, AND TERMINATION OF
SECOND PUBLIC UTILITIES AGREEMENT AS TO ASSESSMENT AND WAIVER OF
IRREGULARITY AND APPEAL**, is made effective as of May ____, 2025, by and between
the City of North Branch, a Minnesota municipal corporation (the “City”) and Sunrise River
Commons East LLC, a Minnesota limited liability company (“Sunrise”).

WHEREAS, the City and North Branch Market Place, LLC, a Minnesota limited
liability company, entered into a Tax Abatement, Business Subsidy, Development and
Subdivision Agreement dated November 26, 2007, which was recorded in the Office of the
County Recorder, Chisago County, Minnesota, on December 26, 2007, as Document No. A-
493618, on real property legally described as follows (the “Development Property”):

Lots 1-3, Block 1, Lots 1-4, Block 2 and Outlots A-F,
North Branch Market Place, Chisago County, Minnesota

WHEREAS, the City executed a Certificate of Completion certifying that North Branch
Market Place, LLC has fully and completely complied with its obligations to construct as
described in the Tax Abatement, Business Subsidy, Development and Subdivision Agreement
referred to above, dated August 24, 2010, which was recorded in the Office of the County
Recorder, Chisago County, Minnesota, on March 8, 2011, as Document No. A-531279, on the
Development Property (the Tax Abatement, Business Subsidy, Development and Subdivision
Agreement and the Certificate of Completion referred to above may be referred to herein
together as the “Tax Abatement Agreement”).

WHEREAS, the City and North Branch Market Place, LLC, a Minnesota limited
liability company, entered into a Second Public Utilities Agreement as to Assessment and
Waiver of Irregularity and Appeal dated November 26, 2007, which was recorded in the Office

of the County Recorder, Chisago County, Minnesota, on December 26, 2007, as Document No. A-493620, on the Development Property.

WHEREAS, the City and North Branch Market Place, LLC, a Minnesota limited liability company, entered into the First Amendment to Second Public Utilities Agreement as to Assessment and Waiver of Irregularity and Appeal dated December 8, 2008, which was recorded in the Office of the County Recorder, Chisago County, Minnesota, on March 8, 2011, as Document No. A-531277, on the Development Property (the Second Public Utilities Agreement as to Assessment and Waiver of Irregularity and Appeal and the First Amendment to Second Public Utilities Agreement as to Assessment and Waiver of Irregularity and Appeal referred to above may be referred to herein together as the “Public Utilities Agreement”).

WHEREAS, as evidenced by a Conveyance of Forfeited Lands dated October 13, 2023, which was recorded in the Office of the County Recorder, Chisago County, Minnesota, on October 17, 2023, as Document No. A-671244 and by a Conveyance of Forfeited Lands dated September 12, 2023, which was recorded in the Office of the County Recorder, Chisago County, Minnesota, on October 17, 2023, the City acquired fee ownership and became the successor in interest to a portion of the Development Property, legally described as follows (the “Property”):

Lot 1, Block 2, North Branch Market Place, Chisago County, Minnesota

And

Lot 2, Block 2, North Branch Market Place 2nd Addition, Chisago County, Minnesota

WHEREAS, the City desires to transfer the Property to Sunrise and in connection therewith Sunrise has requested the City to release the Tax Abatement Agreement and the Public Utilities Agreement from the Property.

WHEREAS, the City has determined that, as it relates to the Property, the rights and obligations of the parties to the Tax Abatement Agreement and the Public Utilities Agreement have been fully satisfied, there are no known events of default in connection therewith, and the City desires to accommodate the request of Sunrise.

NOW, THEREFORE, the City and Sunrise hereby agree as follows:

1. The Tax Abatement, Business Subsidy, Development and Subdivision Agreement dated November 26, 2007, which was recorded in the Office of the County Recorder, Chisago County, Minnesota, on December 26, 2007, as Document No. A-493618, is hereby released from the Property.
2. The Second Public Utilities Agreement as to Assessment and Waiver of Irregularity and Appeal dated November 26, 2007, which was recorded in the Office of the County Recorder, Chisago County, Minnesota, on December 26, 2007, as Document No. A-493620, is hereby released from the Property.

3. The First Amendment to Second Public Utilities Agreement as to Assessment and Waiver of Irregularity and Appeal dated December 8, 2008, which was recorded in the Office of the County Recorder, Chisago County, Minnesota, on March 8, 2011, as Document No. A-531277, is hereby released from the Property.

**[SIGNATURES TO THIS PARTIAL RELEASE OF TAX ABATEMENT AND
BUSINESS SUBSIDY DEVELOPMENT AND SUBDIVISION AGREEMENT AND
TERMINATION OF SECOND PUBLIC UTILITIES AGREEMENT AS TO
ASSESSMENT AND WAIVER OF IRREGULARITY AND APPEAL]**

IN WITNESS WHEREOF, the City and Sunrise have executed this Partial Release of Tax Abatement, Business Subsidy, Development and Subdivision Agreement, and Termination of Second Public Utilities Agreement as to Assessment and Waiver of Irregularity and Appeal as of the date first set forth above.

CITY OF NORTH BRANCH,
a Minnesota municipal corporation

By: _____
_____, Mayor

By: _____
_____, Clerk

STATE OF _____)
_____) ss.
County of _____)

This instrument was signed and sworn before me on _____, 2025, by
_____ and _____, the Mayor and
Clerk, respectively, of the City of North Branch, a municipal corporation on behalf of the City.

Notary Public for _____

My commission expires _____

SUNRISE:

Sunrise River Commons East LLC,
a Minnesota limited liability company

By: _____
Paul Tucci
Its: Manager

STATE OF _____)
) ss.
County of _____)

This instrument was signed and sworn before me on _____, 2025, by Paul Tucci,
Manager of Sunrise River Commons East LLC, a Minnesota limited liability company.

Notary Public for _____
My commission expires _____

THIS INSTRUMENT WAS DRAFTED BY:
Barna, Guzy & Steffen, Ltd.
200 Coon Rapids Blvd. NW, Suite 400
Coon Rapids, MN 55433
(AKG)

PARTIAL RELEASE OF SPECIAL ASSESSMENT AGREEMENT

THIS PARTIAL RELEASE SPECIAL ASSESSMENT AGREEMENT is made effective as of May ____, 2025, by and between the City of North Branch, a Minnesota municipal corporation (the “City”) and Sunrise River Commons East LLC, a Minnesota limited liability company (“Sunrise”).

WHEREAS, the City and Old Little Sweden, Inc., a Minnesota corporation entered into a Special Assessment Agreement dated June 15, 1992 (the “Agreement”), which was recorded in the Office of the County Recorder, Chisago County, Minnesota, on June 17, 1992, as Document No. 240794, which encumbered certain lands, including land described therein as “Parcel F”.

WHEREAS, as evidenced by a Conveyance of Forfeited Lands dated October 13, 2023, which was recorded in the Office of the County Recorder, Chisago County, Minnesota, on October 17, 2023, as Document No. A-671244 and by a Conveyance of Forfeited Lands dated September 12, 2023, which was recorded in the Office of the County Recorder, Chisago County, Minnesota, on October 17, 2023, the City acquired fee ownership and became the successor in interest to a portion of “Parcel F”, as described in the Agreement, legally described as follows (the “Property”):

Lot 1, Block 2, North Branch Market Place, Chisago County, Minnesota

And

Lot 2, Block 2, North Branch Market Place 2nd Addition, Chisago County, Minnesota

WHEREAS, the City desires to transfer the Property to Sunrise and in connection therewith Sunrise has requested the City release the Agreement from the Property.

WHEREAS, the City has determined that, as it relates to the Property, the assessments contemplated under the Agreement have been levied and paid in full, the rights and obligations of the parties to the Agreement have been fully satisfied, there are no known events of default in connection therewith, and the City desires to accommodate the request of Sunrise.

NOW, THEREFORE, the City and Sunrise hereby agree as follows:

1. The Agreement is hereby released from the Property.

**[SIGNATURES TO THIS PARTIAL RELEASE OF SPECIAL ASSESSMENT
AGREEMENT TO FOLLOW]**

IN WITNESS WHEREOF, the City and Sunrise have executed this Partial Release of Special Assessment Agreement as of the date first set forth above.

CITY OF NORTH BRANCH,
a Minnesota municipal corporation

By: _____
_____, Mayor

By: _____
_____, Clerk

STATE OF _____)
_____) ss.
County of _____)

This instrument was signed and sworn before me on _____, 2025, by
_____ and _____, the Mayor and
Clerk, respectively, of the City of North Branch, a municipal corporation on behalf of the City.

Notary Public for _____
My commission expires _____

SUNRISE:

Sunrise River Commons East LLC,
a Minnesota limited liability company

By: _____
Paul Tucci
Its: Manager

STATE OF _____)
) ss.
County of _____)

This instrument was signed and sworn before me on _____, 2025, by Paul Tucci,
Manager of Sunrise River Commons East LLC, a Minnesota limited liability company.

Notary Public for _____
My commission expires _____

THIS INSTRUMENT WAS DRAFTED BY:
Barna, Guzy & Steffen, Ltd.
200 Coon Rapids Blvd. NW, Suite 400
Coon Rapids, MN 55433
(AKG)

**PARTIAL RELEASE OF SECOND FLINK AVENUE AGREEMENT AS TO
ASSESSMENT AND WAIVER OF IRREGULARITY AND APPEAL**

THIS PARTIAL RELEASE OF SECOND FLINK AVENUE AGREEMENT AS TO ASSESSMENT AND WAIVER OF IRREGULARITY AND APPEAL, is made effective as of May ____, 2025, by and between the City of North Branch, a Minnesota municipal corporation (the “City”) and Sunrise River Commons East LLC, a Minnesota limited liability company (“Sunrise”).

WHEREAS, the City and North Branch Market Place, LLC, a Minnesota limited liability company, entered into a Second Flink Avenue Agreement as to Assessment and Waiver of Irregularity and Appeal dated November 26, 2007 (the “Agreement”), which was recorded in the Office of the County Recorder, Chisago County, Minnesota, on December 26, 2007, as Document No. A-493621, on real property legally described as follows (the “Benefited Property”):

Lots 1-3, Block 1, Lots 1-4, Block 2
North Branch Market Place, Chisago County, Minnesota

WHEREAS, as evidenced by a Conveyance of Forfeited Lands dated October 13, 2023, which was recorded in the Office of the County Recorder, Chisago County, Minnesota, on October 17, 2023, as Document No. A-671244 and by a Conveyance of Forfeited Lands dated September 12, 2023, which was recorded in the Office of the County Recorder, Chisago County, Minnesota, on October 17, 2023, the City acquired fee ownership and became the successor in interest to a portion of the Benefited Property, legally described as follows (the “Property”):

Lot 1, Block 2, North Branch Market Place, Chisago County, Minnesota

And

Lot 2, Block 2, North Branch Market Place 2nd Addition, Chisago County, Minnesota

WHEREAS, the City desires to transfer the Property to Sunrise and in connection therewith Sunrise has requested the City release the Agreement from the Property.

WHEREAS, the City has determined that, as it relates to the Property, the assessments contemplated under the Agreement have been levied and paid in full, the rights and obligations of the parties to the Agreement have been fully satisfied, there are no known events of default in connection therewith, and the City desires to accommodate the request of Sunrise.

NOW, THEREFORE, the City and Sunrise hereby agree as follows:

1. The Agreement is hereby released from the Property.

**[SIGNATURES TO THIS PARTIAL RELEASE OF SECOND FLINK AVENUE
AGREEMENT AS TO ASSESSMENT AND WAIVER OF
IRREGULARITY AND APPEAL TO FOLLOW]**

IN WITNESS WHEREOF, the City and Sunrise have executed this Partial Release of Second Flink Avenue Agreement as to Assessments and Waiver of Irregularity and Appeal as of the date first set forth above.

CITY OF NORTH BRANCH,
a Minnesota municipal corporation

By: _____
_____, Mayor

By: _____
_____, Clerk

STATE OF _____)
_____) ss.
County of _____)

This instrument was signed and sworn before me on _____, 2025, by _____ and _____, the Mayor and Clerk, respectively, of the City of North Branch, a municipal corporation on behalf of the City.

Notary Public for _____
My commission expires _____

SUNRISE:

Sunrise River Commons East LLC,
a Minnesota limited liability company

By: _____
Paul Tucci
Its: Manager

STATE OF _____)
) ss.
County of _____)

This instrument was signed and sworn before me on _____, 2025, by Paul Tucci,
Manager of Sunrise River Commons East LLC, a Minnesota limited liability company.

Notary Public for _____
My commission expires _____

THIS INSTRUMENT WAS DRAFTED BY:
Barna, Guzy & Steffen, Ltd.
200 Coon Rapids Blvd. NW, Suite 400
Coon Rapids, MN 55433
(AKG)

PARTIAL RELEASE OF CONTRACT FOR PRIVATE REDEVELOPMENT

THIS PARTIAL RELEASE OF CONTRACT FOR PRIVATE REDEVELOPMENT is made effective as of May ____, 2025, by and between the City of North Branch, a Minnesota municipal corporation (the “City”); the Economic Development Authority of North Branch, Minnesota, a public body corporate and politic (the “Authority”) and Sunrise River Commons East LLC, a Minnesota limited liability company (“Sunrise”).

WHEREAS, the City, formerly known as the City of Branch; the Authority, formerly known as the Economic Development Authority of Branch, Minnesota; Stanley K. Tanger, an individual (the “Redeveloper”); and Old Little Sweden Inc., a Minnesota corporation (“Sweden”) entered into a Contract for Private Redevelopment dated June 15, 1992 (the “Agreement”), which was recorded in the Office of the County Recorder, Chisago County, Minnesota, on June 16, 1992, as Document No. 240738.

WHEREAS, the City has acquired a portion of “Parcel F” of the Redevelopment Property, as defined in the Agreement, evidenced by a Conveyance of Forfeited Lands dated October 13, 2023, which was recorded in the Office of the County Recorder, Chisago County, Minnesota, on October 17, 2023, as Document No. A-671244 and by a Conveyance of Forfeited Lands dated September 12, 2023, which was recorded in the Office of the County Recorder, Chisago County, Minnesota, on October 17, 2023, legally described as follows (the “Property”):

Lot 1, Block 2, North Branch Market Place, Chisago County, Minnesota

And

Lot 2, Block 2, North Branch Market Place 2nd Addition, Chisago County, Minnesota

WHEREAS, the City has or will be conveying the Property to Sunrise and in connection therewith Sunrise has requested the City and the Authority release the Agreement from the Property.

WHEREAS, the Property, being a portion of “Parcel F” of the Redevelopment Property under the Agreement, is not a part of the “Phase I” development, as defined therein and as such, should be released from the Agreement.

WHEREAS, the City and Authority have determined that, as it relates to the Property, the rights and obligations of the parties to the Agreement have been fully satisfied, there are no known events of default in connection therewith, and the City and the Authority desire to accommodate the request of Sunrise.

NOW, THEREFORE, the City, the Authority and Sunrise hereby agree as follows:

1. The Agreement is hereby released from the Property.

**[SIGNATURES TO THIS PARTIAL RELEASE OF CONTRACT FOR PRIVATE
REDEVELOPMENT TO FOLLOW]**

IN WITNESS WHEREOF, the City and Sunrise have executed this Partial Release of Contract for Private Redevelopment as of the date first set forth above.

CITY OF NORTH BRANCH

By: _____
_____, Mayor

By: _____
_____, Clerk

STATE OF _____)
_____) ss.
County of _____)

This instrument was signed and sworn before me on _____, 2025, by
_____ and _____, the Mayor and
Clerk, respectively, of the City of North Branch, a municipal corporation on behalf of the City.

Notary Public for _____
My commission expires _____

AUTHORITY:

Economic Development Authority
of North Branch, Minnesota, a
Minnesota public body corporate and politic

By _____
Name:
Its:

By: _____
Name:
Its:

STATE OF _____)
County of _____) ss.

This instrument was signed and sworn before me on _____, 2025, by
_____ and _____, the Vice Chair and
Executor Director, respectively, of the Economic Development Authority of North Branch,
Minnesota, a Minnesota public body corporate and politic, on its behalf.

Notary Public for _____

My commission expires _____

SUNRISE:

Sunrise River Commons East LLC,
a Minnesota limited liability company

By: _____
Paul Tucci
Its: Manager

STATE OF _____)
) ss.
County of _____)

This instrument was signed and sworn before me on _____, 2025, by Paul Tucci,
Manager of Sunrise River Commons East LLC, a Minnesota limited liability company.

Notary Public for _____
My commission expires _____

THIS INSTRUMENT WAS DRAFTED BY:
Barna, Guzy & Steffen, Ltd.
200 Coon Rapids Blvd. NW, Suite 400
Coon Rapids, MN 55433
(AKG)

EXECUTION COPY

OFFICE OF COUNTY RECORDER
COUNTY OF HENNEPIN
STATE OF MINNESOTA

This document was filed for record on
the 16th day of June A.D. 1992
at 4:15 o'clock P.M. and was duly

recorded as Microfilm No. 240738

Eleanor Suppler

County Recorder

Indexed ☒

Filed ☒

CONTRACT

FOR

PRIVATE REDEVELOPMENT

By and Among

ECONOMIC DEVELOPMENT AUTHORITY
OF BRANCH, MINNESOTA

and

THE CITY OF BRANCH, MINNESOTA

and

STANLEY K. TANGER

and

OLD LITTLE SWEDEN, INC.

and

LITTLE SWEDEN, INC.

Dated as of: *June 15, 1992*

This document was drafted by:
HOLMES & GRAVEN, Chartered
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SCHEDULE I

Description of Project Area and TIF District

240738

CONTRACT FOR PRIVATE REDEVELOPMENT

THIS AGREEMENT, made on or as of the 15th day of June, 1992, by and among THE CITY OF BRANCH, a municipal corporation under the laws of Minnesota, having its principal offices at City Hall, P.O. Box 0, Branch, Minnesota 55056 (the "City"), and the BRANCH ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic, established pursuant to Minnesota Statutes, Sections 469.090 to 469.108, having its principal office at City Hall, P.O. Box 0, Branch, Minnesota 55056 (the "Authority"), and STANLEY K. TANGER, an individual having his principal office at 1400 W. Northwood Street, P.O. Box 29168, Greensboro, North Carolina (the "Redeveloper"), and OLD LITTLE SWEDEN, INC., a Minnesota corporation having its principal office at P.O. Box 460, North Branch, Minnesota, and LITTLE SWEDEN, INC., a Minnesota corporation having its principal office at 6849 St. Croix Trail, North Branch Minnesota 55056 (the latter two parties collectively referred to as the "Property Owner").

WITNESSETH:

WHEREAS, the Authority was created pursuant to Minnesota Statutes, Sections 469.090 to 469.108 ("EDA Act") and was authorized to transact business and exercise its powers by a resolution of the City Council of the City; and

WHEREAS, the Authority has determined a need to exercise the powers of the Housing and Redevelopment Authority pursuant to the EDA Act and Minnesota Statutes, Sections 469.001 through 469.047 ("HRA Act"); and

WHEREAS, the City is a statutory city organized and existing pursuant to the constitution and laws of the State of Minnesota and is governed by the City Council of the City; and

WHEREAS, in furtherance of the objectives of the HRA Act, the Authority has undertaken a program to prevent the development of blight or blighted conditions within the City and in this connection intends to carry out a redevelopment project known as Redevelopment Project No. 1 (the "Project") in an area (the "Project Area") located in the City; and

WHEREAS, the Authority and the City Council of the City intend to establish a Redevelopment Plan for the Project, (the "Redevelopment Plan"); and

WHEREAS, pursuant to the EDA Act and the HRA Act, the Authority is authorized to undertake certain activities to prepare real property for development by private enterprise; and

WHEREAS, pursuant to Minnesota Statutes, Chapter 429, the EDA Act and the HRA Act, the City is authorized to undertake certain public improvements and to assist the EDA in the undertaking of a Project; and

WHEREAS, the Redeveloper and the Property Owner have presented to the Authority proposal for the development of commercial facilities on certain real property located in the Project Area which real property is hereinafter referred to as the "Redevelopment Property" and is legally described on Schedule A hereto and made a part hereof; and

WHEREAS, the Authority and City believe that the redevelopment of the Project Area pursuant to this Agreement, and fulfillment generally of this Agreement

are in the vital and best interests of the Authority and the City, and the health, safety, morals and welfare of their residents, and in accord with the public purposes and provisions of the applicable state and local laws and requirements under which the Project has been undertaken.

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

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ARTICLE I

Definitions

Section 1.1. Definitions. In this Agreement, unless a different meaning clearly appears from the context:

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

"Authority" means the Economic Development Authority of Branch, Minnesota, or any successor or assign.

"Bonds" means general obligation bonds issued by the City to finance the cost of the Public Improvements, and any bonds issued to refund the Bonds.

"Certificate of Completion" means the certification provided to the Redeveloper, or the purchaser of any part, parcel or unit of the Redevelopment Property, pursuant to Section 4.4 of this Agreement.

"City" means the City of Branch, Minnesota.

"Construction Plans" means the plans, specifications, drawings and related documents on the construction work to be performed by the Redeveloper on the Redevelopment Property which (a) shall be as detailed as the plans, specifications, drawings and related documents which are submitted to the appropriate building officials of the County, and (b) shall include at least the following for each building: (1) site plan; (2) foundation plan; (3) basement plans; (4) floor plan for each floor; (5) cross sections of each (length and width); (6) elevations (all sides); (7) landscape plan; and (8) such other plans or supplements to the foregoing plans as the Authority may reasonably request to allow it to ascertain the nature and quality of the proposed construction work.

"County" means the County of Chisago, Minnesota.

"EDA Act" means the Economic Development Authority Act, Minnesota Statutes, Sections 469.090 to 469.108, as amended.

"Event of Default" means an action by a party as described in Article IX of this Agreement.

"Holder" means the owner of a Mortgage.

"HRA Act" means the Housing and Redevelopment Act, Minnesota Statutes, Sections 469.001 to 469.047, as amended.

"Maturity Date" means the date that the last outstanding Bond has been paid or defeased.

"Minimum Improvements" means the construction of commercial or industrial improvements on the Redevelopment Property.

"Mortgage" means any mortgage made by the Redeveloper which is secured, in whole or in part, with the Redevelopment Property and which is a permitted encumbrance pursuant to the provisions of Article VIII of this Agreement.

"Note" means the Taxable Tax Increment Revenue Note to be issued in accordance with Section 3.8.

"Parcel" means Parcel A, B, C, D, E, F, G, or H of the Redevelopment Property.

"Parcel G and H Owners" means the current owners of Parcel G and H which are: Parcel G -- Clayton Anderson and Karl W. Koch, tenants in common; Parcel H - Community National Bank, a national association.

"Phase" means a specific portion of the Minimum Improvements, as further described in Section 3.7.

"Phase I" means a retail shopping mall of approximately 106,000 square feet to be constructed by the Redeveloper on Parcel A of the Redevelopment Property.

"Project" means the Authority's proposed Redevelopment District No. 1.

"Project Area" means the real property located within the boundaries of the proposed Project, as described in Schedule I.

"Property Owner" means, collectively, Old Little Sweden, Inc. and Little Sweden, Inc., the current owners of Parcels A, B, C, D, E and F of the Redevelopment Property.

"Public Improvements" means the improvements to be constructed by City as described in Schedule B.

"Public Redevelopment Costs" means those costs to be paid or reimbursed by the Authority in connection with the Redevelopment Property pursuant to Section 3.7 herein.

"Redeveloper" means Stanley K. Tanger, an individual, or his permitted successors and assigns.

"Redevelopment Property" means the real property described in Schedule A of this Agreement, including Parcels A, B, C, D, E, F, G, and H.

"Redevelopment Plan" means the proposed Redevelopment Plan for Redevelopment District No. 1.

"Soil Corrections" means the soil and terrain corrections described in Schedule F.

"State" means the State of Minnesota.

"Tax Increment" means that portion of the real property taxes which is paid with respect to the Redevelopment Property and which is remitted to the Authority as tax increment pursuant to the TIF Act.

"TIF Act" means the Tax Increment Financing Act, Minnesota Statutes, Sections 469.174 to 469.179, as amended.

"TIF District" means Tax Increment Financing District No. 1-1 to be created by the Authority and the City, the boundaries of which are described in Schedule I.

"TIF Plan" means the Tax Increment Financing Plan for the TIF District, as it may be modified.

"Tax Official" means any County assessor; County auditor; County or State board of equalization, the commissioner of revenue of the State, or any State or federal district court, the tax court of the State, or the State Supreme Court.

"Unavoidable Delays" means delays beyond the reasonable control of the party seeking to be excused as a result thereof which are the direct result of strikes, other labor troubles, fire or other casualty to the Minimum Improvements or the Public Improvements, litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays, or acts of any federal, state or local governmental unit (other than the Authority in exercising its rights under this Agreement) which directly result in delays. Except as provided in Section 3.2, Unavoidable Delays shall not include delays in the Redeveloper's obtaining of permits or governmental approvals necessary to enable construction of the Minimum Improvements by the dates such construction is required under Section 4.3 of this Agreement.

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ARTICLE II

Representations and Warranties

Section 2.1. Representations by the Authority and the City. The Authority and the City make the following representations as the basis for the undertaking on their part herein contained:

(a) The Authority is an economic development authority duly organized and existing under the laws of the State. Under the provisions of the EDA Act, the Authority has the power to enter into this Agreement and carry out its obligations hereunder.

(b) Before issuance of any Bonds, the Authority and the City will adopt and approve the Project in accordance with the terms of the HRA Act and the EDA Act.

(c) Before issuance of any Bonds, the Authority and the City will adopt and approve the TIF District as a "soils condition district" in accordance with the terms of the TIF Act.

(d) The City is a state public body under Section 469.041 of the HRA Act, and under the laws of the State has the power to enter this Agreement and to do all things necessary or convenient to aid and cooperate in planning and operation of the Project.

(e) Pursuant to Minnesota Statutes, Chapter 429 and the TIF Act, the City will construct the Public Improvements in accordance with its usual and customary procedures for such improvements.

(f) To finance the costs of the activities to be undertaken by the City, the City proposes to use the proceeds of the Bonds issued by the City, together with interest earnings thereon, and to pledge special assessments and Tax Increments to payment of the principal and interest on the Bonds.

(g) The activities of the Authority are undertaken for the purpose of preventing blight and fostering the development of certain real property which for a variety of reasons is presently unutilized and underutilized and for the purpose of promoting economic development and the creation of employment opportunities.

(h) The Authority will cooperate with the Redeveloper and the Property Owner with respect to any litigation, other than litigation in which the Authority and the Redeveloper, or the Authority and the Property Owner, are adverse parties, commenced with respect to the Project, or any Phase of the Minimum Improvements; provided, that the Authority shall not be obligated to incur costs through the retaining of legal counsel or experts, or otherwise, in connection with such litigation.

Section 2.2. Representations and Warranties by the Redeveloper. The Redeveloper represents and warrants that:

(a) Phase I of the Minimum Improvements constitutes a permitted use under any applicable zoning laws.

(b) The Redeveloper has received no notice or communication from any local, state or federal official that the activities of the Redeveloper or the Authority

in the Project Area may be or will be in violation of any environmental law or regulation (other than those notices or communications of which the Authority is aware). The Redeveloper is aware of no facts the existence of which would cause it to be in violation of or give any person a valid claim under any local, state or federal environmental law, regulation or review procedure.

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

(d) The Redeveloper will cooperate with the Authority with respect to any litigation, other than litigation in which the parties hereto or the Parcel G or H Owners are adverse parties to the Authority, commenced with respect to the Project or any Phase of the Minimum Improvements; provided that the Redeveloper shall not be obligated to incur costs through the retaining of legal counsel or experts, or otherwise, in connection with such litigation.

(e) Whenever any Event of Default by the Redeveloper occurs and if the Authority or City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the Redeveloper under this Agreement, the Redeveloper agrees that it shall, within ten days of written demand by the Authority or the City, pay to the Authority or the City, as the case may be, the reasonable fees of such attorneys and such other expenses so incurred by the Authority or City.

(f) The proposed redevelopment by the Redeveloper hereunder would not occur but for the public financing assistance being provided by the Authority and City hereunder.

Section 2.3. Representations and Warranties by the Property Owner. The Property Owner represents and warrants that:

(a) The Property Owner consists of corporations duly organized and in good standing under the laws of the State of Minnesota, which to the best of their knowledge are not in violation of any provisions of their articles of incorporation, bylaws or laws of the State, are duly authorized to transact business within the State, have power to enter into this Agreement and have duly authorized the execution, delivery and performance of this Agreement by proper action of their directors.

(b) The Property Owner will pay special assessments for the cost of the Public Improvements in accordance with the terms of this Agreement.

(c) The Property Owner will cooperate with the Authority with respect to any litigation, other than litigation in which the parties hereto or the Parcel G or H Owners are adverse parties to the Authority, commenced with respect to the Project or any Phase of the Minimum Improvements; provided that the Property Owner shall not be obligated to incur costs through the retaining of legal counsel or experts, or otherwise, in connection with such litigation.

(d) Whenever any Event of Default by the Property Owner occurs and if the Authority or City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the Property Owner under this Agreement, the Property Owner agrees that it shall, within 10 days of written demand by the Authority or the City, pay to the Authority or the City, as the case may be, the reasonable fees of such attorneys and such other expenses so incurred by the Authority or City.

(e) To the best of the Property Owner's knowledge, the proposed future redevelopment of the property currently owned by the Property Owner hereunder would not occur but for the public financing assistance being provided by the Authority and City hereunder.

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ARTICLE III

Public Improvements, Other Improvements

Section 3.1. Status of Redevelopment Property. Parcels A, B, C, D, E and F of the Redevelopment Property are currently owned by the Property Owner. The Redeveloper will acquire fee title to Parcel A of the Redevelopment Property from the Property Owner. The Redeveloper currently possesses an option to acquire Parcel B of the Redevelopment Property. Parcels G and H of the Redevelopment Property are currently owned by the Parcel G and H Owners. Neither the City nor the Authority has any obligation to acquire any portion of the Redevelopment Property.

Section 3.2. Public Improvements. The parties acknowledge that the development of Phase I and subsequent Phases of the Minimum Improvements will require construction of certain public improvements. The City will construct the Public Improvements described in Schedule B hereto, subject to all the terms and conditions of this Agreement. The City has no obligation to incur any binding obligation with respect to construction or financing of any Public Improvements until:

(a) the Redeveloper has filed with the City the Notice of Intent to proceed in accordance with Section 4.5; and

(b) the Redeveloper, the Property Owner and each of the Parcel G and H Owners have each signed and filed with the City the Special Assessment Agreement as required under Section 3.4 herein; and

(c) the City has received the security required under Section 3.6 herein;

(d) the Property Owner has filed with the County Auditor a certificate in a form acceptable to the auditor waiving any rights granted under Minnesota Statutes, Section 273.111 to defer special assessments against any part of the Redevelopment Property owned by the Property Owner, as required under Section 3.4

(e) the Redeveloper and Property Owner have dedicated to the City the property and easements as required under Section 3.5

The Public Improvements (except the Elevated Storage) shall be substantially completed by no later than the date of the Certificate of Completion for Phase I of the Minimum Improvements, subject to the condition that Redeveloper is not in default under this Agreement and subject to Unavoidable Delays. For the purposes of this Section 3.2, Unavoidable Delays include any delays in the Redeveloper's obtaining permits or governmental approvals necessary to enable construction of the Minimum Improvements, and delays caused by the Redeveloper's failure to provide to the City information or assistance that is necessary in order to proceed with the Public Improvements.

The Public Improvements shall not include any improvements or costs that may be required in order to provide water service for Phase I of the Minimum Improvements before the public Elevated Storage, Well and Pumphouse are completed and placed in service (referred to collectively as "Interim Water Improvements"). Interim Water Improvements include, but are not limited to: interim well; interim pumping and associated electrical service and controls; pressure tanks and controls; chemical feeding equipment; and costs related to abandonment of any Interim Water

Improvements upon completion of the Elevated Storage, Well and Pumphouse. Interim Water Improvements does not include the Watermain referenced in Schedule B.

All costs and responsibility for construction and operation of the Interim Water Improvements shall be borne solely by the Redeveloper. With the consent of the City's consulting engineer, all or a portion of the Interim Water Improvements may be constructed on property deeded to the City pursuant to Section 3.5, provided that before commencing construction of such Interim Water Improvements the Redeveloper shall enter a license agreement with the City in a form satisfactory to the City providing for the construction and operation of such Interim Water Improvements by the Redeveloper until public water service becomes available.

Section 3.3. Financing of Public Improvements.

The Authority will finance the cost of the Public Improvements through issuance by the City of Bonds in an amount not to exceed \$2,000,000. Of that total amount, Bonds in an amount necessary to pay the cost of all Public Improvements except the Storm Sewer will be secured primarily by special assessments against the Redevelopment Property payable over a period of 15 years. Such special assessments, together with interest thereon at a rate equal to 1.0 percent higher than the interest rate on the Bonds, will be allocated among the Parcels as shown in Schedule C hereto. Such Bonds will also be secured in part by general property taxes to be levied commencing the first year in which, as of January 2, Parcel A is not included in the TIF District according to the records of the County auditor, which levy shall be an amount equal to the real property taxes generated by extending the City's local tax rate against the tax capacity of Parcel A together with the Minimum Improvements thereon (hereinafter referred to as the "Phase I Tax").

Of the total Bond amount, Bonds in an amount necessary to pay the cost of the Storm Sewer portion of the Public Improvements, and the cost of soil corrections associated with the Elevated Storage, Well, Pumphouse and Streets, will be secured primarily by Tax Increments received by the Authority from the TIF District.

The Authority, City and Redeveloper understand and agree that the Authority and City will terminate the TIF District as soon as reasonably possible after the Authority and City determine that they have received or are legally entitled to receive from Chisago County sufficient Tax Increments to fully discharge the portion of the Bonds secured by Tax Increments, and the Authority's obligations under the Note, in accordance with the terms of the Bonds and the Note.

Any excess proceeds of the Bonds above the amount needed to pay the costs of the Public Improvements will be applied to pay special assessments against Parcels A through H, inclusive, on a pro rata basis in proportion to the outstanding special assessments on each Parcel.

Section 3.4. Waiver. The Redeveloper, Property Owner and Parcel G and H Owners each agree to execute the Special Assessment Agreement in substantially the form attached as Schedule E. Further, the Redeveloper and the Property Owner each specifically waive any rights granted under Minnesota Statutes, Section 273.111 to defer special assessments levied against any part of the Redevelopment Property in connection with the Public Improvements, and each further agrees to file a certificate to that effect with the County auditor.

Section 3.5. Entry, Easements. The Redeveloper and the Property Owner hereby grant to the City a right of entry to Parcels A, B, C, D, E and F of the Redevelopment Property for the purposes of constructing the Public Improvements

thereon. The Redeveloper and the Property Owner each further agree to dedicate portions, and grant easements in portions, of the Redevelopment Property to the City substantially in accordance with the Site Plan attached as Schedule D, in order to permit the construction and operation of the Public Improvements.

Section 3.6. Security. In order to secure the construction of the Public Improvements (other than the Storm Sewer) and payment of the special assessments levied against Parcels B, C, D, E and F of the Redevelopment Property, the Property Owner will, on or before the date the Redeveloper files the Notice of Intent under Section 4.5, deliver to the City security in the form and subject to the terms and conditions as follows:

a) The security may be in the form of an unconditional and irrevocable bank letter of credit ("Letter of Credit") in the amount of the two largest annual installments of special assessments together with interest thereon levied against Parcels B, C, D, E and F. The Letter of Credit shall be in a form satisfactory to the City and shall be in effect during each calendar year that special assessments are outstanding. The Letter of Credit must be renewed annually on January 1 at the amount of the original Letter of Credit regardless of any drafts previously made against it. The Property Owner shall, by November 1 of each year, provide written notice to the City evidencing the issuer's commitment to renew the Letter of Credit or issue a new one. If the Property Owner fails to provide such timely notice, the City may draw the full Letter of Credit. The provisions of this Section shall not be construed to prejudice or limit any additional rights of the City under Article IX of this Agreement.

b) Upon payment of all special assessments together with interest thereon levied against any portion of Parcel B, C, D, E or F, the Property Owner may substitute a new Letter of Credit in the amount of the two largest annual installments of special assessments together with interest thereon that remain outstanding against Parcels B, C, D, E or F.

c) In lieu of the Letter of Credit required under clauses a. and b., the Property Owner may deliver to the City a one-year certificate of deposit ("Certificate") payable or pledged to the City by the Property Owner or a third-party pledgor, in the same principal amount and renewable under the same terms as described in clause a., and subject to substitution under the same terms as described in clause b. If not previously drawn upon by the City, principal and accrued interest on the Certificate will be returned to the Property Owner upon payment in full of all special assessments and interest thereon levied against Parcels B, C, D, E and F.

d) If the Redeveloper exercises its option to acquire Parcel B from the Property Owner and special assessments together with interest levied against Parcel B are not paid on or before closing, the Redeveloper shall submit to the City on or before such closing the Letter of Credit or Certificate in an amount equal to the two largest annual installments of special assessment levied against Parcel B as described in clauses a., b. and c. Upon the City's receipt of such Letter of Credit or Certificate from the Redeveloper, the Property Owner may substitute a new Letter of Credit under clause b. as if the special assessments and interest levied against Parcel B had been paid. The City will return the Letter of Credit or Certificate delivered by the Redeveloper under this clause d. upon issuance of a certificate of occupancy for Minimum Improvements of at least 50,000 square feet on Parcel B.

Section 3.7. Future Phases.

(a) The parties acknowledge that additional Phases of the Minimum Improvements may be constructed on the Redevelopment Property, which Phases may increase taxable value in the city. The City and the Authority further acknowledge that, under the terms of this Agreement, the Redeveloper and the Property Owner have incurred or will incur substantial obligations in connection with Public Improvements and the Minimum Improvements. The City and Authority agree that, in consideration of such obligations and in order to facilitate further development within the Project Area, the City and the Authority will assist the Redeveloper and the Property Owner in accordance with the terms and conditions of this section.

(b) An additional Phase of the Minimum Improvements shall consist of a specific commercial or industrial improvement on a specific Parcel or Parcels (excluding Parcel A and any Parcel or portion thereof included in the TIF District prior to its termination), constructed by any person or entity; provided that in order to constitute a Phase, the Minimum Improvements (excluding land) must, as of January 2 of the year in which the Phase commences, have an assessor's estimated market value that will generate at least \$1,000 in property taxes payable in the following year.

(c) Subject to all of the terms and conditions of this section, the Authority will pay annually certain Public Redevelopment Costs as defined herein, in the amount and only to the extent of the real property taxes generated by extending the City's local tax rate against the tax capacity of the subject Phase (the Phase Tax Amount). The Phase Tax Amount shall be based on the tax capacity of the Phase as of January 2, for the purposes of Public Redevelopment Costs payable in the following year, provided that no Phase Tax Amount will be calculated or paid if the Phase is included in the TIF District as of January 2 according to the records of the County auditor.

(d) Public Redevelopment Costs consist of the costs to be paid by the Authority in the following manner and according to the following terms:

(1) As to any Phase constructed on Parcel B after the Redeveloper acquires Parcel B, the Authority will pay the related annual Phase Tax Amount, in order of priority;

(i) To pay outstanding special assessments in connection with the Public Improvements levied against Parcel A and Parcel B or any portion thereof, or, in the case of Parcel B, to reimburse the Redeveloper for special assessments paid by the Redeveloper upon acquisition of Parcel B;

(ii) To the Redeveloper as reimbursement for site costs in connection with the development of any Phase (including Phase I) constructed on Parcel A or Parcel B (the "Site Costs"). Site Costs means the costs of grading, filling, landscaping, on-site utilities, curb and gutter, and comparable site improvements that would be eligible for financing under Minnesota Statutes, Sections 469.174 to 469.179, but does not include the Soil Corrections to the extent such costs are reimbursed under Section 3.8. The Authority has no obligation to reimburse the Redeveloper's Site Costs until the Redeveloper submits to the City written evidence reasonably satisfactory to the City that the Redeveloper has incurred and paid all of the claimed Site Costs. Site Costs shall include interest at an annual rate of interest of 7 percent compounded annually on each Payment Date (as hereinafter defined), accrued from the date the Redeveloper submits evidence that it has paid

the Site Costs. Any Site Costs payable under this section shall be paid to the redeveloper on December 15 of the appropriate year ("Payment Date").

(2) As to any Phase constructed on: Parcel B if Parcel B is not acquired by the Redeveloper; and Parcels C through H inclusive; the Authority will pay the related annual Phase Tax Amount, in order of priority:

(i) Ten percent of the Phase Tax Amount to defray costs of the Authority or the City in connection with administering and maintaining the Project, the Public Improvements and any other improvements in the Project Area;

(ii) To pay outstanding special assessments in connection with additional public improvements deemed necessary by the City in connection with any Phase beyond Phase I, levied against any portion of Parcel B, C, D, E or F to which the Property Owner holds title as of the date the installment of such special assessment is due;

(iii) To pay outstanding special assessments in connection with the Public Improvements levied against any portion of Parcel B, C, D, E or F to which the Property Owner holds title as of the date the installment of such special assessment is due;

(iv) First to pay outstanding special assessments in connection with the Public Improvements levied against Parcel A, and second to reimburse the Redeveloper for Site Costs in connection with Parcel A in accordance with the terms and conditions set forth in Section 3.7(d)(1)(ii).

If more than one Parcel has outstanding special assessments, any special assessments paid by the Authority under clause (d)(1) or (d)(2) shall be apportioned among Parcels on a pro rata basis in proportion to outstanding special assessments on each Parcel.

(e) The Authority will finance the Public Redevelopment Costs through annual contributions from the City pursuant to Section 469.041 of the HRA Act. The City agrees to budget for and make such contributions to the HRA to the extent of the annual Phase Tax Amount, all subject to any levy limits that may be applicable to the City. The Authority has no obligation to pay the Public Redevelopment Costs except to the extent of the contribution received in any year from the City pursuant to this Section.

(f) The Authority will pay the Public Redevelopment Costs annually beginning the first year following commencement of any Phase after Phase I, and terminating 15 years after the date of the Notice of Intent filed pursuant to Section 4.5; provided that if no Phase is constructed on any portion of Parcels B, C, D, E or F within 10 years after the date of the Notice of Intent, the Authority's obligations under this Section 3.7 shall terminate and be of no further force or effect.

(g) If real property taxes in connection with any Phase owned by the Redeveloper or the Property Owner are not timely paid under State law, and Redeveloper or Property Owner, as the case may be, fails to cure such delinquency within 30 days after receiving written notice of the delinquency from the City, the

Authority's obligations under this Section 3.7 with regard to the delinquent party shall terminate and be of no further force or effect.

Section 3.8. Soil Corrections. (a) The Authority and the Redeveloper acknowledge and agree that the development of Phase I of the Minimum Improvements will necessitate certain Soil Corrections within Parcel A, all further as defined in Schedule F. The Redeveloper shall undertake the Soil Corrections and shall complete such work in a timely manner consistent with the Minimum Improvements construction deadlines set forth in Section 4.3.

(b) In order to make development of the Minimum Improvements financially feasible, the Authority will reimburse the Redeveloper for the cost of the Soil Corrections, in an amount not to exceed \$300,000. To finance such reimbursement, the Authority shall issue and the Redeveloper shall purchase the Note in substantially the form set forth in the Authorizing Resolution attached as Schedule G. the Authority and the Redeveloper agree that the consideration from the Redeveloper for the purchase of the Note shall consist of the Redeveloper's payment of the Soil Correction costs.

The Authority shall issue the Note upon delivery by the Redeveloper of written evidence satisfactory to the Authority that the Redeveloper has paid Soil Corrections costs of at least \$300,000. If Soil Corrections costs exceed \$300,000, such excess costs shall be the responsibility of the Redeveloper.

Section 3.9. Redeveloper Payments. In consideration of the Authority's and City's financial assistance in developing the Minimum Improvements, the Redeveloper will pay to the City an amount ("Redeveloper Payment") calculated as follows and subject to the following terms and conditions:

(a) The Redeveloper Payment shall be the amount in any year of the City's estimated Reduction In State Tax Increment Financing Aid ("RISTIFA") in connection with TIF District No. 1-1.

(b) For the purposes of calculating the Redeveloper Payment, the RISTIFA shall be estimated based on the "qualifying captured tax capacity" as of January 2 of each tax-assessment year. On or before December 1, 1993 and December 1 of each tax-assessment year for the duration of TIF District No. 1-1, the City will notify the Redeveloper in writing of the Redeveloper Payment. No later than February 1, 1994 and each February 1 thereafter, the Redeveloper shall pay the Redeveloper Payment to the City. Failure by the City to provide the aforementioned notice in the manner and time specified shall not relieve the Redeveloper's obligation to pay the Redeveloper Payment within 30 days after receiving actual notice of the amount of the Redeveloper Payment.

(c) For the purposes of this Section, the terms RISTIFA and "qualifying captured tax capacity" shall have the meaning set forth in Minnesota Statutes, Section 273.1399.

ARTICLE IV

Construction Phase I of the Minimum Improvements

Section 4.1. Construction of Phase I. The Redeveloper agrees that it will construct Phase I of the Minimum Improvements on Parcel A of the Redevelopment Property in accordance with the approved Construction Plans and at all times prior to the Maturity Date will comply with all applicable laws.

Section 4.2. Construction Plans.

(a) Before commencing construction of Phase I, the Redeveloper shall submit to the Authority Construction Plans. The Construction Plans shall provide for the construction of Phase I and shall be in conformity with the Redevelopment Plan, this Agreement, and all applicable State and local laws and regulations. The Authority will approve the Construction Plans in writing if: (i) the Construction Plans conform to the terms and conditions of this Agreement; (ii) the Construction Plans conform to the goals and objectives of the Redevelopment Plan; (iii) the Construction Plans conform to all applicable federal, state and local laws, ordinances, rules and regulations; (iv) the Construction Plans are adequate to provide for construction of Phase I; (v) the Construction Plans do not provide for expenditures in excess of the funds available to the Redeveloper for construction of Phase I; and (vi) no Event of Default has occurred. No approval by the Authority shall relieve the Redeveloper of the obligation to comply with the terms of this Agreement or of the Redevelopment Plan, applicable federal, state and local laws, ordinances, rules and regulations, or to construct Phase I in accordance therewith. No approval by the Authority shall constitute a waiver of an Event of Default. If approval of the Construction Plans is requested by the Redeveloper in writing at the time of submission, such Construction Plans shall be deemed approved unless rejected in writing by the Authority, in whole or in part. Such rejections shall set forth in detail the reasons therefore, and shall be made within 30 days after the date of their receipt by the Authority. If the Authority rejects any Construction Plans in whole or in part, the Redeveloper shall submit new or corrected Construction Plans within 30 days after written notification to the Redeveloper of the rejection. The provisions of this Section relating to approval, rejection and resubmission of corrected Construction Plans shall continue to apply until the Construction Plans have been approved by the Authority. The Authority's approval shall not be unreasonably withheld. Said approval shall constitute a conclusive determination that the Construction Plans (and Phase I, constructed in accordance with said plans) comply to the Authority's satisfaction with the provisions of this Agreement relating thereto.

(b) If the Redeveloper desires to make any material change in the Construction Plans after their approval by the Authority, the Redeveloper shall submit the proposed change to the Authority for its approval. If the Construction Plans, as modified by the proposed change, conform to the requirements of this Section 4.2 of this Agreement with respect to such previously approved Construction Plans, the Authority shall approve the proposed change and notify the Redeveloper in writing of its approval. Such change in the Construction Plans shall, in any event, be deemed approved by the Authority unless rejected, in whole or in part, by written notice by the Authority to the Redeveloper, setting forth in detail the reasons therefor. Such rejection shall be made within ten (10) days after receipt of the notice of such change. The Authority's approval of any such change in the Construction Plans will not be unreasonably withheld.

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Section 4.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, the Redeveloper shall commence construction of Phase I within 60 days after filing the Notice of Intent under Section 4.5. Subject to Unavoidable Delays, the Redeveloper shall substantially complete the construction of Phase I within one year after the date of the Notice of Intent but no later than December 31, 1993. Notwithstanding the aforementioned completion date, the Redeveloper understands and acknowledges that estimates of Tax Increment in connection with Phase I are based on the assumption that Phase I will be substantially completed for property tax valuation purposes by January 2, 1993. The Redeveloper further acknowledges that the minimum market value set forth in the Assessment Agreement entered pursuant to Section 6.4 will be in effect commencing January 2, 1993 regardless of the actual progress of construction of Phase I. All work with respect to Phase I to be constructed or provided by the Redeveloper on the Parcel A Redevelopment Property shall be in conformity with the Construction Plans as submitted by the Redeveloper and approved by the Authority.

The Redeveloper agrees for itself, its successors and assigns, and every successor in interest to the Redevelopment Property, or any part thereof, that the Redeveloper, and such successors and assigns, shall promptly begin and diligently prosecute to completion the construction of the Phase I, and that such construction shall in any event be commenced and substantially completed within the period specified in this Section 4.3 of this Agreement. Until construction of the Phase I has been substantially completed, the Redeveloper shall make reports, in such detail and at such times as may reasonably be requested by the Authority, as to the actual progress of the Redeveloper with respect to such construction.

Section 4.4. Certificate of Completion.

(a) Promptly after substantial completion of the Phase I in accordance with those provisions of the Agreement relating solely to the obligations of the Redeveloper to construct such Phase (including the dates for beginning and completion thereof), the Authority will furnish the Redeveloper with an appropriate instrument so certifying. Such certification by the Authority shall be a conclusive determination of satisfaction and termination of the agreements and covenants in the Agreement with respect to the obligations of the Redeveloper, and its successors and assigns, to construct Phase I and the dates for the beginning and completion thereof. Such certification and such determination shall not constitute evidence of compliance with or satisfaction of any obligation of the Redeveloper to any Holder of a Mortgage, or any insurer of a Mortgage, securing money loaned to finance the Minimum Improvements, or any part thereof.

(b) The certificate provided for in this Section 4.4 of this Agreement shall be in such form as will enable it to be recorded in the proper office for the recordation of deeds and other instruments pertaining to the Redevelopment Property. If the Authority shall refuse or fail to provide any certification in accordance with the provisions of this Section 4.4 of this Agreement, the Authority shall, within thirty (30) days after written request by the Redeveloper, provide the Redeveloper with a written statement, indicating in adequate detail in what respects the Redeveloper has failed to complete Phase I in accordance with the provisions of the Agreement, or is otherwise in default, and what measures or acts it will be necessary, in the opinion of the Authority, for the Redeveloper to take or perform in order to obtain such certification.

(c) The construction of Phase I shall be deemed to be substantially completed when the Redeveloper has received a certificate of occupancy from the responsible inspecting authority.

Section 4.5. Notice of Intent. Prior to commencement of the Phase I Minimum Improvements but no later than October 1, 1992, the Redeveloper must file a written notice of intent to proceed ("Notice of Intent") with the City, with copies to each of the other parties to this Agreement. The Notice of Intent shall include the Redeveloper's representation that it has acquired Parcel A; obtained all required permits, licenses and approvals; has met the requirements of all applicable local, state and federal laws and regulations that must be obtained or met before Phase I may be lawfully constructed; and submitted and obtained the City's approval of financing for construction of Phase I in accordance with Article VII herein.

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ARTICLE V

Insurance and Condemnation

Section 5.1. Insurance.

(a) The Redeveloper will provide and maintain at all times during the process of constructing Phase I of the Minimum Improvements an All Risk Broad Form Basis Insurance Policy and, from time to time during that period, at the request of the Authority, furnish the Authority with proof of payment of premiums on policies covering the following:

(i) Builder's risk insurance, written on the so-called "Builder's Risk -- Completed Value Basis," in an amount equal to one hundred percent (100%) of the insurable value of the Minimum Improvements at the date of completion, and with coverage available in nonreporting form on the so-called "all risk" form of policy. The interest of the Authority shall be protected in accordance with a clause in form and content satisfactory to the Authority;

(ii) Comprehensive general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance) together with an Owner's Contractor's Policy with limits against bodily injury and property damage of not less than \$1,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used); and

(iii) Workers' compensation insurance, with statutory coverage.

(b) Upon completion of construction of Phase I and prior to the Maturity Date, the Redeveloper shall maintain, or cause to be maintained, at its cost and expense, and from time to time at the request of the Authority shall furnish proof of the payment of premiums on, insurance as follows:

(i) Insurance against loss and/or damage to the Minimum Improvements under a policy or policies covering such risks as are ordinarily insured against by similar businesses.

(ii) Comprehensive general public liability insurance, including personal injury liability (with employee exclusion deleted), against liability for injuries to persons and/or property, in the minimum amount for each occurrence and for each year of \$2,000,000, and shall be endorsed to show the Authority as additional insured.

(iii) Such other insurance, including workers' compensation insurance respecting all employees of the Redeveloper, in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure; provided that the Redeveloper may be self-insured with respect to all or any part of its liability for workers' compensation.

(c) All insurance required in Article V of this Agreement shall be taken out and maintained in responsible insurance companies selected by the Redeveloper which are authorized under the laws of the State to assume the risks covered thereby. Upon request, the Redeveloper will deposit annually with the Authority policies evidencing all such insurance, or a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect. Unless

otherwise provided in this Article V of this Agreement each policy shall contain a provision that the insurer shall not cancel nor modify it in such a way as to reduce the coverage provided below the amounts required herein without giving written notice to the Redeveloper and the Authority at least thirty (30) days before the cancellation or modification becomes effective. In lieu of separate policies, the Redeveloper may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein, in which event the Redeveloper shall deposit with the Authority a certificate or certificates of the respective insurers as to the amount of coverage in force upon Phase I.

(d) The Redeveloper agrees to notify the Authority immediately in the case of damage exceeding \$100,000 in amount to, or destruction of, the Minimum Improvements or any portion thereof resulting from fire or other casualty. In such event the Redeveloper either will forthwith repair, reconstruct and restore the Minimum Improvements to substantially the same or an improved condition or value as it existed prior to the event causing such damage and, to the extent necessary to accomplish such repair, reconstruction and restoration, the Redeveloper will apply the Net Proceeds of any insurance relating to such damage received by the Redeveloper to the payment or reimbursement of the costs thereof.

The Redeveloper shall complete the repair, reconstruction and restoration of the Minimum Improvements, whether or not the Net Proceeds of insurance received by the Redeveloper for such purposes are sufficient to pay for the same. Any Net Proceeds remaining after completion of such repairs, construction and restoration shall be the property of the Redeveloper.

(e) In lieu of its obligation to reconstruct Phase I as set forth in Section 5.1(d), the Redeveloper shall have the option of paying to the City an amount of money which, in the opinion of the City and its fiscal consultant, is sufficient to pay all debt service on all outstanding Bonds to the extent such debt service is payable from Tax Increments or a general tax levy and not from special assessments levied or to be levied against the Redevelopment Property.

(f) The Redeveloper and the Authority agree that all of the insurance provisions set forth in this Article V shall terminate upon the termination of this Agreement.

Section 5.2. Subordination. Notwithstanding anything to the contrary contained in this Article V, the rights of the Authority with respect to the receipt and application of any proceeds of insurance shall, in all respects, be subject and subordinate to the rights of any lender under a Mortgage approved pursuant to Article VII of this Agreement.

ARTICLE VI

Taxes

Section 6.1. Tax Guarantee.

(a) Subsequent to the issuance of any Bonds by the City and continuing until the Maturity Date, in the event that City, on a date sixty (60) days prior to the date that City is required to make any principal or interest payment with respect to the Bonds has not received sufficient Tax Increments or Phase I Tax as described in Section 3.3 to pay the portion of the next succeeding Bond principal and/or interest payment that is not secured by special assessments, the City shall provide notice to the Redeveloper of such fact and the amount of the deficiency. Twenty days after receipt of such notice of deficiency, the Redeveloper shall be liable for and shall pay to the City such deficiency. Failure on the part of the City to provide the notice of the deficiency when required pursuant to this Section 6.1. (a) shall not relieve the Redeveloper of its obligation to make the required payment 20 days after actual notice of the deficiency is provided by the City to the Redeveloper.

(b) The obligation of the Redeveloper to make the payments provided for in this Section 6.1 shall be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment or counter-claim it might otherwise have against the City or any other government body or other person. The Redeveloper shall not fail to make any required payments for any cause or circumstance whatsoever, including any change in property tax laws or other laws or any other event even if beyond control of the Redeveloper.

(c) In the event that the Redeveloper fails to comply with its obligation to pay a portion of the deficiency as set forth in this Section 6.1 when due, the City shall have the option, in addition to any other remedy available to it hereunder or at law including the right to sue to collect the payment not made when due, the right to declare immediately due and payable by the Redeveloper an amount equal to the amount which, in the reasonable judgment of the City's fiscal consultant, is necessary to pay all outstanding Bonds to the extent such Bonds are not secured by special assessments. The City shall not have the right to so accelerate the amounts due under this Section 6.1 unless the Redeveloper has failed to cure its failure to make a required deficiency payment under Section 6.1 of this Agreement by a date ninety (90) days after the date that the City provided notice of the deficiency to the Redeveloper.

Section 6.2. Right to Collect Delinquent Taxes. The Redeveloper acknowledges that the Authority and the City are providing substantial aid and assistance in furtherance of the development through the sale of Bonds and payment of certain Public Redevelopment Costs. The Redeveloper understands that as security for a portion of the Bonds and Public Redevelopment Costs, real estate taxes must be promptly and timely paid. To that end, the Redeveloper agrees, in addition to the obligation pursuant to statute to pay real estate taxes and special assessments, that it is also obligated by reason of this Agreement to pay before delinquency all real estate taxes and special assessments assessed against Parcel A of the Redevelopment Property and the Minimum Improvements constructed thereon. The Redeveloper acknowledges that this obligation creates a contractual right on behalf of the City to sue the Redeveloper or its successors and assigns to collect delinquent real estate taxes and special assessments and any penalty or interest thereon and to pay over the same as a tax payment to the county auditor. In any

such suit, the Authority and City shall also be entitled to recover their costs, expenses and reasonable attorney fees.

Section 6.3. Review of Taxes. The Redeveloper agrees that prior to the Maturity Date it will not take any of the following actions to the extent that such actions would result in a reduction in the Phase I Tax below the amount specified in Section 6.4: (1) it will not seek administrative review or judicial review of the applicability of any tax statute determined by any Tax Official to be applicable to Phase I or the Redeveloper or raise the inapplicability of any such tax statute as a defense in any proceedings, including delinquent tax proceedings; (2) it will not seek administrative review or judicial review of the constitutionality of any tax statute determined by any Tax Official to be applicable to Phase I or the Redeveloper or raise the unconstitutionality of any such tax statute as a defense in any proceedings, including delinquent tax proceedings; (3) it will not cause a reduction in the real property taxes paid in respect of Phase I below the amount sufficient to generate the Phase I Tax amount through: (A) willful destruction of Phase I or any part thereof; (B) willful refusal to reconstruct damaged or destroyed property pursuant to Section 5.1 of this Agreement; (C) a request to the city assessor of the City or the county assessor of the County to reduce the assessed market value of all or any portion of Phase I; (D) a petition to the board of equalization of the City or the board of equalization of the County to reduce the assessed market value of all or any portion of Phase I; (E) a petition to the board of equalization of the State or the commissioner of revenue of the State to reduce the assessed market value of all or any portion of Phase I; (F) an action in a District Court of the State or the Tax Court of the State pursuant to Minnesota Statutes, Chapter 278, or any similar State or federal law, seeking a reduction in the assessed market value of Phase I; (G) an application to the commissioner of revenue of the State requesting an abatement of real property taxes pursuant to Minnesota Statutes, Chapter 270, or any similar State or federal law in connection with Phase I; and (H) any other proceedings, whether administrative, legal or equitable, with any administrative body within the City, the County, or the State or with any court of the State or the federal government. The Redeveloper shall not, prior to the Maturity Date, apply for a deferral of property tax on Phase I pursuant to Minnesota Statutes, Section 469.181, or any similar law.

Section 6.4. Assessment Agreement. Prior to the Redeveloper's commencement of construction Phase I of the Minimum Improvements and prior to the sale of Bonds or the Authority's incurring of obligations with respect to the TIF District, the Redeveloper shall, with the Authority, execute an Assessment Agreement pursuant to Minnesota Statutes, Section 469.177, subd. 8, specifying an assessor's minimum Market Value for Parcel A of the Redevelopment Property together with the Minimum Improvements. The amount of the minimum Market Value shall be no less than \$4,178,261 as of January 2, 1993, notwithstanding any failure to complete construction of Phase I by that date.

The Assessment Agreement shall be substantially in the form attached hereto as Schedule H. Nothing in the Assessment Agreement shall limit the discretion of the assessor to assign a market value to the property in excess of such assessor's minimum Market Value nor prohibit the Redeveloper from seeking through the exercise of legal or administrative remedies a reduction in such market value for property tax purposes, provided however, that the Redeveloper shall not seek a reduction of such market value below the assessor's minimum Market Value in any year so long as such Assessment Agreement shall remain in effect. The Assessment Agreement shall remain in effect for the period described in Schedule H.

ARTICLE VII

Mortgage Financing

Section 7.1. Mortgage Financing.

(a) Prior to the City incurring obligations in connections with the Public Improvements, the Redeveloper shall submit to the City evidence of one or more commitments for mortgage financing which, together with committed equity for such construction, is sufficient for the construction of Phase I of the Minimum Improvements. Such commitments may be submitted as short term financing, long term mortgage financing, a bridge loan with a long term take-out financing commitment, or any combination of the foregoing. Such commitment or commitments for short term or long term mortgage financing shall be subject only to such conditions as are normal and customary in the mortgage banking industry.

(b) If the City finds that the mortgage financing is sufficiently committed and adequate in amount to provide for the construction of Phase I then the City shall notify the Redeveloper in writing of its approval. Such approval shall not be unreasonably withheld and either approval or rejection shall be given within five (5) days from the date when the City is provided the evidence of mortgage financing. A failure by the City to respond to such evidence of mortgage financing shall be deemed to constitute an approval hereunder. If the City rejects the evidence of mortgage financing as inadequate, it shall do so in writing specifying the basis for the rejection. In any event, the Redeveloper shall submit adequate evidence of mortgage financing within thirty (30) days after such rejection.

Section 7.2. City's Option to Cure Default on Mortgage. In the event that there occurs a default under any Mortgage authorized pursuant to Article VII of this Agreement, the Redeveloper shall cause the City to receive copies of any notice of default received by the Redeveloper from the holder of such Mortgage. Thereafter, the City shall have the right, but not the obligation, to cure any such default on behalf of the Redeveloper within such cure periods as are available to the Redeveloper under the Mortgage documents.

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ARTICLE VIII

Prohibitions Against Assignment and Transfer; Indemnification

Section 8.1. Representation as to Redevelopment. The Redeveloper represents and agrees that its purchase of Parcel A of the Redevelopment Property, and its other undertakings pursuant to the Agreement, are, and will be used, for the purpose of development of the Redevelopment Property and not for speculation in land holding. The Redeveloper further recognizes that, in view of (a) the importance of the development of the Redevelopment Property to the general welfare of the Authority and the City; (b) the substantial financing and other public aids that have been made available by the Authority and City for the purpose of making such redevelopment possible; and (c) the fact that any act or transaction involving or resulting in a significant change in the identity of the parties in control of the Redeveloper or the degree of their control is for practical purposes a transfer or disposition of the property then owned by the Redeveloper, the qualifications and identity of the Redeveloper are of particular concern to the Authority and City. The Redeveloper further recognizes that it is because of such qualifications and identity that the Authority and the City are entering into the Agreement with the Redeveloper, and, in so doing, are further willing to accept and rely on the obligations of the Redeveloper for the faithful performance of all undertakings and covenants hereby by it to be performed.

Section 8.2. Prohibition Against Redeveloper's Transfer of Property and Assignment of Agreement. Also, for the foregoing reasons the Redeveloper represents and agrees that prior to issuance of the Certificate of Completion for Phase I of the Minimum Improvements:

240739 (a) Except only by way of security for, and only for, the purpose of obtaining financing necessary to enable the Redeveloper or any successor in interest to the Redevelopment Property, or any part thereof, to perform its obligations with respect to making the Minimum Improvements under this Agreement, and any other purpose authorized by this Agreement, the Redeveloper has not made or created and will not make or create or suffer to be made or created any total or partial sale, assignment, conveyance, or lease, or any trust or power, or transfer in any other mode or form of or with respect to the Agreement or Parcel A of the Redevelopment Property or any part thereof or any interest therein, or any contract or agreement to do any of the same, without the prior written approval of the Authority unless the Redeveloper remains liable and bound by this Redevelopment Agreement in which event the Authority's approval is not required. Any such transfer shall be subject to the provisions of this Agreement.

(b) In the event the Redeveloper, upon transfer or assignment of Parcel A of the Redevelopment Property or any portion thereof, seeks to be released from its obligations under this Redevelopment Agreement as to the portions of the Redevelopment Property that is transferred or assigned, the Authority and City shall be entitled to require, except as otherwise provided in the Agreement, as conditions to any such release that:

(i) Any proposed transferee shall have the qualifications and financial responsibility, in the reasonable judgment of the Authority and City, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Redeveloper as to the portion of the Redevelopment Property to be transferred.

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(ii) Any proposed transferee, by instrument in writing satisfactory to the Authority and in form recordable among the land records, shall, for itself and its successors and assigns, and expressly for the benefit of the Authority and City, have expressly assumed all of the obligations of the Redeveloper under this Agreement as to the portion of the Redevelopment Property to be transferred and agreed to be subject to all the conditions and restrictions to which the Redeveloper is subject as to such portion; provided, however, that the fact that any transferee of, or any other successor in interest whatsoever to, the Redevelopment Property, or any part thereof, shall not, for whatever reason, have assumed such obligations or so agreed, and shall not (unless and only to the extent otherwise specifically provided in this Agreement or agreed to in writing by the Authority and the City) deprive the Authority and or City of any rights or remedies or controls with respect to the Redevelopment Property or any part thereof or the construction of the Minimum Improvements; it being the intent of the parties as expressed in this Agreement that (to the fullest extent permitted at law and in equity and excepting only in the manner and to the extent specifically provided otherwise in this Agreement) no transfer of, or change with respect to, ownership in the Redevelopment Property or any part thereof, or any interest therein, however consummated or occurring, and whether voluntary or involuntary, shall operate, legally or practically, to deprive or limit the Authority of or with respect to any rights or remedies or controls provided in or resulting from this Agreement with respect to the Minimum Improvements that the Authority would have had, had there been no such transfer or change. In the absence of specific written agreement by the Authority and the City to the contrary, no such transfer or approval by the Authority and the City thereof shall be deemed to relieve the Redeveloper, or any other party bound in any way by this Agreement or otherwise with respect to the construction of Phase I of the Minimum Improvements, from any of its obligations with respect thereto.

(iii) Any and all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement or Parcel A of the Redevelopment Property governed by this Article VIII, shall be in a form reasonably satisfactory to the Authority and the City.

In the event the foregoing conditions are satisfied then the Redeveloper shall be released from its obligation under this Agreement, as to the portion of the Redevelopment Property that is transferred, assigned or otherwise conveyed.

After issuance of the Certificate of Completion for Phase I, the Redeveloper may transfer or assign any portion of the Redevelopment Property or the Redeveloper's interest in this Agreement without the prior written consent of the City or the Authority, provided that the transferee or assignee is bound by all the Redeveloper's obligations hereunder. The Redeveloper shall submit to the City written evidence of any such transfer or assignment, including the transferee or assignee's express assumption of the Redeveloper's obligations under this Agreement. If the Redeveloper fails to provide such evidence of transfer and assumption, the Redeveloper shall remain bound by all its obligations under this Agreement.

Section 8.3. Release and Indemnification Covenants.

(a) The Redeveloper releases from and covenants and agrees that the Authority and the governing body members, officers, agents, servants and employees thereof shall not be liable for and agrees to indemnify and hold harmless the Authority and the City and the governing body members, officers, agents,

servants and employees thereof against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in any Minimum Improvements constructed on Parcel A.

(b) Except for any negligent or willful misrepresentation or any negligent, willful or wanton misconduct of the following named parties, the Redeveloper agrees to protect and defend the Authority and the City and the governing body members, officers, agents, servants and employees thereof, now or forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of any Minimum Improvements on Parcel A of the Redevelopment Property.

(c) The Authority and the governing body members, officers, agents, servants and employees thereof shall not be liable for any damage or injury to the persons or property of the company or its officers, agents, servants or employees or any other person who may be about Parcel A of the Redevelopment Property, Minimum Improvements thereon, or Public Improvements due to any act of negligence of any person, other than the negligence and misconduct of Authority or City employees.

(d) All covenants, stipulations, promises, agreements and obligations of the Authority and City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and City and not of any governing body member, officer, agent, servant or employee of the Authority and City in the individual capacity thereof.

Section 8.4. Prohibition Against Property Owner's Assignment. The Property Owner shall not transfer or assign its rights or interests in this Agreement without prior written consent of the City, provided that this section shall not be construed to limit the Property Owner's right to transfer or convey to any person or entity any Parcel owned by the Property Owner.

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ARTICLE IX

Events of Default

Section 9.1. Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean, whenever it is used in this Agreement (unless the context otherwise provides), any failure by any party to observe or perform any other covenant, condition, obligation or agreement on its part to be observed or performed hereunder.

Section 9.2. Remedies on Default. Whenever any Event of Default referred to in Section 9.1 of this Agreement occurs, the non-defaulting party may exercise its rights under this Section 9.2 after providing thirty days written notice to the defaulting party of the Event of Default, but only if the Event of Default has not been cured within said thirty days or, if the Event of Default is by its nature incurable within thirty days, the defaulting party does not provide assurances reasonably satisfactory to the non-defaulting party that the Event of Default will be cured and will be cured as soon as reasonably possible:

(a) Suspend its performance as to the defaulting party under the Agreement until it receives assurances that the defaulting party will cure its default and continue its performance under the Agreement.

(b) In the case of the failure to pay special assessments, draw on the Letter of Credit or Certificate submitted by the defaulting party under Section 3.6.

(c) Take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant under this Agreement.

Section 9.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the City or Redeveloper is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article IX.

Section 9.4. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

ARTICLE X

Additional Provisions

Section 10.1. Conflict of Interests; City Representatives Not Individually Liable. The parties, to the best of their respective knowledge, represent and agree that no member, official, or employee of the City shall have any personal interest, direct or indirect, in the Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership, or association in which he is, directly or indirectly, interested. No member, official, or employee of the City shall be personally liable to the Redeveloper or Property Owner, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Redeveloper or Property Owner, or successor or on any obligations under the terms of the Agreement.

Section 10.2. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 10.3. Amendment. This Agreement may be amended only by mutual written consent of all parties hereto.

Section 10.4. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under the Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

(a) in the case of the Redeveloper, is addressed to or delivered personally to the Redeveloper at 1400 W. Northwood St., P.O. Box 29168, Greensboro, North Carolina 27429;

(b) in the case of the City, is addressed to or delivered personally to the City, as the case may be, at City Hall, P.O. Box 0, Branch, Minnesota 55056; Attention City Administrator;

(c) in the case of the Property Owner, is addressed to or delivered personally to the Property Owner, at 6849 St. Croix Trail, North Branch, Minnesota 55056; and Box 460, North Branch, Minnesota 55056.

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

Section 10.5. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 10.6. Liability of Parties. Except as hereinafter provided, any obligation or covenant in this Agreement that is described as an obligation or covenant of a named party shall be deemed solely the obligation or covenant of that named party, which named party shall not be jointly and severally liable with any other party to this Agreement with respect to the specified covenant or obligation. Notwithstanding the aforementioned language, Old Little Sweden, Inc. and Little

Sweden, Inc., shall be jointly and severally liable, as between those two entities only, for any obligation or covenant of the Property Owner in this Agreement.

Section 10.7. Severability. If any provision of this Agreement is held invalid or unenforceable by a court of competent jurisdiction, such holding shall not affect the validity or enforceability of any other provision hereunder.

Section 10.8. Law Governing. This Agreement shall be interpreted in accordance with and governed by the laws of the State of Minnesota, and the venue of any proceeding in connection with the enforcement or interpretation of this Agreement shall be in the State of Minnesota.

Section 10.9. Recording. The Redeveloper or the City shall record this Agreement and any amounts thereto with the Chisago County Recorder. The Redeveloper shall pay all costs for recording.

240738

ARTICLE XI

Termination of Agreement

Section 11.1. Option to Terminate. This Agreement may be terminated by the City, the Authority, the Redeveloper or the Property Owner if the conditions precedent to the City's commencement of the Public Improvements as set forth in Section 3.2, have not been satisfied, or waived in writing by all parties to this Agreement, by October 1, 1992.

Section 11.2. Action to Terminate. Termination of this Agreement pursuant to the first sentence of Section 11.1 must be accomplished by the giving of ten (10) days written notification of a party's intent to terminate.

Section 11.3. Payment of City and Authority Costs. Following termination of the Agreement under this Article XI, the Redeveloper shall pay to the City on demand all reasonable costs incurred by the City and the Authority in connection with establishment of the Project and the negotiation and preparation of this Agreement and other documents or activities related to the Project and the Public Improvements.

Section 11.4. Effect of Termination. Following the termination or expiration of this Agreement no action, claim, or demand may be based on any term or provision of this Agreement except as provided in Section 11.3 herein.

240738

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

ECONOMIC DEVELOPMENT
AUTHORITY OF BRANCH,
MINNESOTA

By *James Melander*
Its *Vice Chairman*

By *Robert S. Morgan*
Its *Executive Director*

CITY OF BRANCH, MINNESOTA

By *Charles D. Hult*
Its *Mayor*

By *Robert S. Morgan*
Its *City Clerk*

STATE OF MINNESOTA)
COUNTY OF Chisago) SS.

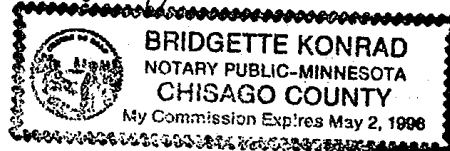
The foregoing instrument was acknowledged before me this 15th day of June, 1992 by James Melander and Robert S. Morgan, the Vice Chair and Executive Director of the Economic Development Authority of Branch, Minnesota, a public body corporation and politic, on behalf of the City.

Bridgette Konrad
Notary Public

STATE OF MINNESOTA)
COUNTY OF Chisago) SS.

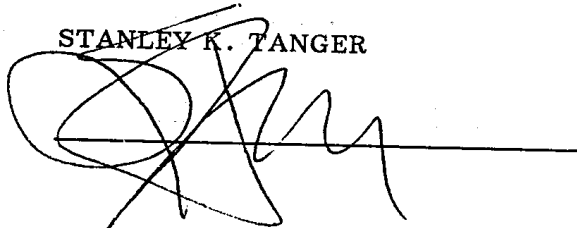
The foregoing instrument was acknowledged before me this 15th day of June, 1992 by Charles D. Hult and Robert S. Morgan, the Mayor and City Clerk of the City of Branch, Minnesota, a municipal corporation, on behalf of the City.

Bridgette Konrad
Notary Public

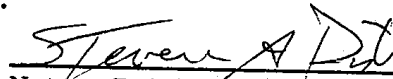


IN WITNESS WHEREOF, the Redeveloper has caused this Agreement to be duly executed in its name and behalf on or as of the date first above written.

STANLEY K. TANGER



The foregoing instrument was acknowledged before me this 12 day of June, 1992 by Stanley K. Tanger.


Notary Public

STEVEN A. RISH
Notary Public, State of Ohio
My Commission Expires Jan. 13, 1994

240738

IN WITNESS WHEREOF, the Property Owner has caused this Agreement to be duly executed in its name and behalf on or as of the date first above written.

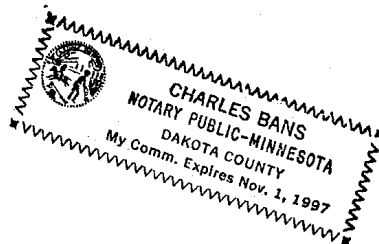
OLD LITTLE SWEDEN, INC.

By Arvid M. Anderson
Its President

STATE OF MINNESOTA)
COUNTY OF Hennepin) SS.

The foregoing instrument was acknowledged before me this 12th day of June, 1992 by Arvid M. Anderson of Old Little Sweden, Inc., a Minnesota corporation, on behalf of the Corporation. the president

Charles Bans
Notary Public



240738

IN WITNESS WHEREOF, the Property Owner has caused this Agreement to be duly executed in its name and behalf on or as of the date first above written.

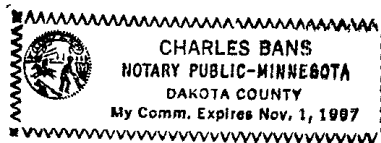
LITTLE SWEDEN, INC.

By Clayton E. Anderson
Its President

STATE OF MINNESOTA)
COUNTY OF Hennepin) SS.

The foregoing instrument was acknowledged before me this 12th day of June, 1992 by CLAYTON E. ANDERSON of Little Sweden, Inc., a Minnesota corporation, on behalf of the Corporation. Charles Baws

Notary Public



240738

SCHEDULE A

REDEVELOPMENT PROPERTY

PARCEL A:

That part of the South Half of the Northwest Quarter of Section 20, Township 35, Range 21, Chisago County, Minnesota, described as follows:

240738
LA. Commencing at the west quarter corner of said Section 20; thence on an assumed bearing of North 0°37'25" East along the west line of the Northwest Quarter of said Section 20 a distance of 672.32 feet to Point "A"; thence continuing North 0°37'25" East along said west line 646.04 feet to the center line of State Highway No. 95; thence on a bearing of East along the center line of State Highway No. 95 a distance of 1108.31 feet to Point "B"; thence continuing on a bearing of East along said center line 260.85 feet; thence South 0°30' West 100 feet to the south right of way line of State Highway No. 95 and Point "C"; thence continuing South 0°30' West 545.57 feet to Point "D" and the point of beginning of the property to be described; thence North 0°30' East 545.57 feet to Point "C" described above; thence on a bearing of West along the south right of way line of State Highway No. 95 a distance of 259.98 feet to the intersection with a line that bears South from Point "B" described above, said point of intersection is Point "E"; thence on a bearing of South 546.0 feet to the intersection with a line that bears East from Point "A" described above, said point of intersection is Point "F"; thence continuing on a bearing of South 670.30 feet to the south line of the South Half of the Northwest Quarter of said Section 20; thence North 89°55'27" East along said south line 819.32 feet to the westerly right of way line of Interstate Highway No. 35 and Point "G"; thence North 1°21' East along said westerly right of way line 105.70 feet to an angle point in said westerly right of way line; thence North 3°04'45" West along said westerly right of way line 331.91 feet; thence northerly 251.98 feet along said westerly right of way line which is a curve concave to the west, having a radius of 854.93 feet and a central angle of 16°53'15", the chord of said curve bears North 11°31'22" West; thence North 19°58' West along said westerly right of way line 1.75 feet to the intersection with a line that bears North 88°19'15" East from the point of beginning, said point of intersection is Point "H"; thence South 88°19'15" West 498.22 feet to the point of beginning.

IB That part of the Southwest Quarter of Section 20, Township 35, Range 21, Chisago County, Minnesota, described as follows:

Commencing at the northwest corner of said Southwest Quarter; thence on an assumed bearing of North 89 deg. 55'27" East along the north line of said Southwest Quarter a distance of 1123.16 feet to the point of beginning of the property to be described; thence South 0 deg. 17'28" West parallel with the west line of said Southwest Quarter a distance of 452.0 feet; thence North 89 deg. 55'27" East parallel with the north line of said Southwest Quarter a distance of 813.59 feet to the westerly right of way line of Interstate Highway No. 35; thence North 1 deg. 21' East along said westerly right of way line 452.11 feet to the north line of said Southwest Quarter; thence South 89 deg. 55'27" West along said north line 819.32 feet to the point of beginning.

SCHEDULE A
REDEVELOPMENT PROPERTY

PARCEL B:

That part of the Southwest Quarter of Section 20, Township 35, Range 21, Chisago County, Minnesota, described as follows:

Commencing at the northwest corner of said Southwest Quarter; thence on an assumed bearing of North $89^{\circ}55'27''$ East along the north line thereof, 1123.16 feet; thence South $0^{\circ}37'28''$ West parallel with the west line of said Southwest Quarter a distance of 452.0 feet to the point of beginning of the property to be described; thence continuing South $0^{\circ}37'28''$ West parallel with said west line 1108.0 feet; thence North $89^{\circ}55'27''$ East parallel with the north line of said Southwest Quarter a distance of 794.91 feet to the westerly right of way line of Interstate Highway No. 35; thence northerly 228.93 feet along said westerly right of way line, which is a curve concave to the west, having a radius of 5629.58 feet, and a central angle of $2^{\circ}19'48''$, the chord of said curve bears North $2^{\circ}30'54''$ East; thence North $1^{\circ}21'$ East along said westerly right of way line 879.51 feet to the intersection with a line that bears North $89^{\circ}55'27''$ East parallel with the north line of said Southwest Quarter from the point of beginning; thence South $89^{\circ}55'27''$ West parallel with said north line 813.59 feet to the point of beginning.

SCHEDULE A
REDEVELOPMENT PROPERTY

PARCEL C:

That part of the Southwest Quarter of Section 20, Township 35, Range 21, Chisago County, Minnesota, described as follows:

Beginning at the northwest corner of said Southwest Quarter; thence on an assumed bearing of North 89°55'27" East along the north line thereof, 1123.16 feet; thence South 0°37'28" West parallel with the west line of said Southwest Quarter a distance of 1560.0 feet; thence North 89°55'27" East parallel with the north line of said Southwest Quarter a distance of 794.91 feet to the westerly right of way line of Interstate Highway No. 35; thence southerly 492.42 feet along said westerly right of way line which is a curve concave to the west, having a radius of 5629.58 feet and a central angle of 5°00'42", the chord of said curve bears South 6°11'08" West to the intersection with Line "A" described below; thence North 66°29'37" West along said Line "A" 371.32 feet to point "J" described below; thence North 73°37'42" West along said Line "A" 1587.71 feet to the west line of said Southwest Quarter; thence North 0°37'28" East along said west line 1451.22 feet to the point of beginning.

Description of Line "A"

Commencing at the southwest corner of the Southwest Quarter of Section 20, Township 35, Range 21, Chisago County, Minnesota; thence northerly along the west line of said Southwest Quarter a distance of 1186.65 feet to the point of beginning of said Line "A" to be described; thence easterly, deflecting to the right 105°44'50" a distance of 1587.71 feet to point "J"; thence deflecting to the right 7°08'05" a distance of 1889.83 feet, more or less, to the south line of said Southwest Quarter of the Southeast Quarter and said Line "A" there terminating.

And subject to County Highway No. 68 over and across the west 33 feet thereof.

SCHEDULE A
REDEVELOPMENT PROPERTY

PARCEL D:

That part of the South Half of the Northwest Quarter of Section 20, Township 35, Range 21, Chisago County, Minnesota, described as follows:

Commencing at the west quarter corner of said Section 20; thence on an assumed bearing of North $0^{\circ}37'25''$ East along the west line of the Northwest Quarter of Section 20 a distance of 1318.36 feet to the center line of State Highway No. 95; thence on a bearing of East along the center line of State Highway No. 95 a distance of 1108.81 feet to Point "B"; thence on a bearing of South 100 feet to the south right of way line of State Highway No. 95 and point "E"; thence continuing on a bearing of South 218 feet to the point of beginning of the property to be described; thence on a bearing of West 260 feet; thence on a bearing of North 218 feet to the south right of way line of State Highway No. 95; thence on a bearing of West along said south right of way line 383.26 feet; thence on a bearing of North along said south right of way line 25.0 feet; thence on a bearing of West along said south right of way line 466.36 feet to the west line of said South Half of the Northwest Quarter; thence South $0^{\circ}37'25''$ West along said west line 1243.36 feet to the southwest corner of said South Half of the Northwest Quarter; thence North $89^{\circ}55'27''$ East along the south line of said South Half of the Northwest Quarter a distance of 1123.16 feet to the intersection with a line that bears South from point "B" described above; thence on a bearing of North 998.80 feet to the point of beginning.

Subject to County Highway No. 68 over and across the west 33 feet thereof.

SCHEDULE A

REDEVELOPMENT PROPERTY

PARCEL E:

That part of the North Half of the Northwest Quarter of Section 20, Township 35, Range 21, Chisago County, Minnesota, described as follows:

Commencing at the northwest corner of said North Half of the Northwest Quarter of Section 20; thence on an assumed bearing of South $0^{\circ}37'25''$ West along the west line of said North Half of the Northwest Quarter a distance of 500.0 feet to the point of beginning of the property to be described; thence North $73^{\circ}58'05''$ East 1223.76 feet; thence North $63^{\circ}10'16''$ East 83.05 feet to the westerly right of way line of County Highway No. 63, as described in Document No. 123002, recorded at the Chisago County Recorder's Office; thence South $0^{\circ}49'44''$ East along said right of way line 336.08 feet; thence southerly 353.63 feet along said right of way line which is a curve concave to the west, having a radius of 753.51 feet and a central angle of 24° ; thence South $23^{\circ}10'16''$ West along said right of way line 143.60 feet; thence southerly 353.95 feet along said right of way line which is a curve concave to the east, having a radius of 883.51 feet and a central angle of $22^{\circ}57'13''$ to the northerly right of way line of State Highway No. 95; thence on a bearing of West, not tangent to the last described curve, along the north right of way line of State Highway No. 95 a distance of 1074.77 feet to the west line of said North Half of the Northwest Quarter; thence North $0^{\circ}37'25''$ East along said west line 744.34 feet to the point of beginning.

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SCHEDULE A
REDEVELOPMENT PROPERTY

PARCEL F:

That part of the North Half of the Northwest Quarter of Section 20, Township 35, Range 21, Chisago County, Minnesota, which lies north of the north right of way line of State Highway No. 95, easterly of the easterly right of way line of County Highway No. 64, as described in Document No. 123002, recorded at the Chisago County Recorder's Office, and westerly of the westerly right of way line of Interstate Highway No. 35.

SCHEDULE A
REDEVELOPMENT PROPERTY

PARCEL G:

That part of the South Half of the Northwest Quarter of Section 20, Township 35, Range 21, Chisago County, Minnesota, described as follows:

Commencing at the west quarter corner of said Section 20; thence on an assumed bearing of North $0^{\circ}37'25''$ East along the west line of the Northwest Quarter of said Section 20 a distance of 1318.36 feet to the center line of State Highway 95; thence on a bearing of East along the center line of State Highway 95 a distance of 1369.66 feet; thence South $0^{\circ}30'$ West 100.0 feet to the south right of way line of State Highway No. 95 and the point of beginning of the property to be described; thence continuing South $0^{\circ}30'$ West 545.57 feet; thence North $88^{\circ}19'15''$ East 498.15 feet to the westerly right of way line of Interstate Highway No. 35; thence North $19^{\circ}56'40''$ West along said westerly right of way line 564.83 feet to the south right of way line of State Highway No. 95; thence on a bearing West along said right of way line 300.5 feet to the point of beginning.

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SCHEDULE A
REDEVELOPMENT PROPERTY

PARCEL H:

That part of the Southwest Quarter of the Northwest Quarter of Section 20, Township 35, Range 21, Chisago County, Minnesota, described as follows:

Commencing at the west quarter corner of said Section 20; thence on an assumed bearing of North 0°37'25" East along the west line of the Northwest Quarter of Section 20 a distance of 1318.36 feet to the center line of State Highway No. 95; thence on a bearing of East along the center line of State Highway No. 95 a distance of 1108.81 feet; thence on a bearing of South 100 feet to the south right of way line of State Highway No. 95 and the point of beginning of the property to be described; thence continuing on a bearing of South 218 feet; thence on a bearing of West 260 feet; thence on a bearing of North 218 feet to the south right of way line of State Highway No. 95; thence on a bearing of East along said south right of way line 260 feet to the point of beginning.

SCHEDULE B

PUBLIC IMPROVEMENTS

Construction and related engineering, legal, fiscal and administrative costs of the following improvements:

Water, including:
Well and Pumphouse
Elevated Storage
Watermain
Storm Sewer
Streets
On-Site Sewage

All as more fully described in plans and specifications which, upon approval by the City Council, shall constitute the definitive description of the Public Improvements.

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SCHEDULE C - ALLOCATION OF SPECIAL ASSESSMENTS

PROJECT COST BREAKDOWN		WELL & PUMPHOUSE	ELEVATED STORAGE	WATERMAIN	STORM SEWER	STREET	ON-SITE SEWAGE	TOTAL PROJECT
CONSTRUCTION COST		185,000	350,000	285,094	373,609	241,443	101,200	1,536,346
CONTINGENCY FUND		18,500	35,000	28,509	37,361	24,144	10,120	153,635
LEGAL, FISCAL, & ENGINEERING		37,287	65,293	30,075	70,802	48,059	27,228	278,744
TOTAL PROJECT COST		240,787	450,293	343,678	481,772	313,646	138,548	1,968,724
TOTAL ASSESSMENT								
PARCEL - A	ACRES	L.F.						
	20.02	2,995.8	128,404	240,127	272,401	N/A	313,646	1,093,126
PAD #1	1.20	273.0	7,697	14,393	24,823	N/A	N/A	46,913
PAD #2	1.20	273.0	7,697	14,393	24,823	N/A	N/A	46,913
PARCEL - B	20.00	N/A	14,694	27,480	N/A	N/A	N/A	42,174
* PARCEL - C	41.80	N/A	30,711	57,432	N/A	N/A	N/A	88,144
* PARCEL - D	23.15	N/A	17,009	31,808	N/A	N/A	N/A	48,816
OFF. BLDG	1.50	328.0	1,102	2,061	12,994	N/A	N/A	16,157
PARCEL - E	25.00	N/A	18,368	34,350	N/A	N/A	N/A	52,717
PARCEL - F	14.30	N/A	10,506	19,648	N/A	N/A	N/A	30,154
FORD - G	4.96	N/A	3,644	6,815	N/A	N/A	N/A	10,459
BANK - H	1.30	218.0	955	1,786	8,636	N/A	N/A	11,378
ASSESS TOTAL	154.43	4087.80	240,787	450,293	343,678	0	313,646	1,486,952

* PARCEL C: 41.80 ACRES = 47.86 ACRES - 3.27 ACRES (POND) - 2.79 ACRES (DRAIN FIELD)

* PARCEL D: 23.15 ACRES = 28.66 ACRES - 1.00 ACRES (TOWER SITE) - 2.79 ACRES (POND) - 1.72 ACRES (ROAD EASEMENT)

SCHEDULE D

SITE PLAN

The Site Plan for the Public Improvements dated _____, 1992, signed by all parties to this Agreement and on file in City Hall.

240738

SJB25523
BR355-1

SCHEDULE E
SPECIAL ASSESSMENT AGREEMENT

THIS AGREEMENT made this _____ day of _____, 1992, by and between the City of Branch, a Minnesota municipal corporation (the "City"), and _____ (the "Owner");

WITNESSETH:

WHEREAS, the Owner is the owner of certain real property in the City of Branch, legally described in Attachment One, attached hereto and hereby made a part hereof (hereinafter referred to as the "Subject Property"); and

WHEREAS, Owner desires to develop the Subject Property or receive benefits of certain public improvements; and

WHEREAS, the development or betterment of the Subject Property will require the construction of certain public improvements as described in that certain Contract for Private Redevelopment by and among Economic Development Authority of Branch, Minnesota, the City of Branch, Minnesota, Stanley K. Tanger, Old Little Sweden, Inc. and Little Sweden, Inc., dated _____, 1992 (the "Contract"), the portions of which to be financed by special assessments are hereinafter referred to as the "Improvement Project";

WHEREAS, a public hearing on the Improvement Project was duly held on _____, 1992; and

WHEREAS, the Owner wishes for the City to construct the Improvement Project and to levy the cost of the Improvement Project against the Subject Property in accordance with the Contract; and

WHEREAS, the City is willing to construct the Improvement Project as requested by the Owner, provided the assurances and covenants hereinafter stated are made by Owner to ensure that the City will have valid and collectable special assessments to finance the cost of the Improvement Project; and

WHEREAS, were it not for the assurances and covenants hereinafter provided, the City would not construct the Improvement Project and is doing so at the behest, and for the benefit, of the Owner;

NOW, THEREFORE, ON THE BASIS OF THE PREMISES AND THE MUTUAL COVENANTS AND AGREEMENTS HEREINAFTER PROVIDED, THE PARTIES HERETO AGREE AS FOLLOWS:

1. Owner hereby petitions the City for construction of the Improvement Project benefitting the Subject Property.

2. Owner represents and warrants that it is the Owner of 100% of the Subject Property; that it has full legal power and authority to encumber the Subject Property as herein provided; and that as of the date hereof, it has fee simple absolute title in the Subject Property, which is not subject to any liens, interests, or encumbrances, except as listed on Attachment Two, attached hereto and hereby made a part hereof.

3. Owner requests that the cost of the Improvement Project be assessed against the Subject Property. Owner understands and agrees that the cost of the Improvement Project will be determined in accordance with the Contract. Special assessments shall be spread as set forth in Schedule C of the Contract.

4. Owner waives the right to appeal the levy of special assessments in accordance with this Agreement pursuant to City ordinance or Minnesota Statutes, Ch. 429, or reapportionment thereof upon land division or otherwise, and further specifically agrees with respect to such special assessments or reapportionment that:

- a. The increase in fair market value to the Subject Property resulting from construction of the Improvement Project will be in an amount of at least the amount of the total potential project cost specified in paragraph 3, above, and that such increase in fair market value is a special benefit to the Subject Property.
- b. Assessment of the cost of the Improvement Project against the Subject Property in accordance with the Contract is reasonable, fair and equitable and there are not properties other than those specified in the Contract against which such cost should be assessed.
- c. Owner further specifically waives notice and right to appeal reapportionment of such special assessments upon land division.

5. Owner understands and agrees that the City will provide for the payment of such special assessments in installments bearing such interest as may be determined by the City Council in accordance with the Contract.

6. The covenants, waivers and agreements contained in this Agreement shall bind the successors, and assigns of the Owner and shall run with the land legally described in Attachment One and bind all successors in interest thereof. It is the intent and agreement of the parties hereto that this Agreement be in a form which is recordable in the office of the County Recorder of Chisago County,

Minnesota and agree to make any changes in this Agreement to effect the recording and filing of this Agreement against the title of the Subject Property.

7. This Agreement shall terminate upon the final payment of all special assessments against the Subject Property levied pursuant to this Agreement for the Improvement Project, and the City shall execute and deliver such documents, in recordable form, as are necessary to extinguish its rights hereunder.

Dated: _____

CITY OF BRANCH

By _____
Its Mayor

By _____
Its City Administrator

OWNER

By _____
Its _____

By _____
Its _____

240738

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 19__ by _____ and _____, the Mayor and Administrator of the City of Branch, Minnesota, a municipal corporation, on behalf of the City.

Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 19__ by _____, the Owner, who signed this document as his free act and deed.

Notary Public

240738

SCHEDULE F

SOIL CORRECTIONS

The soil corrections as described in the attached letter from J. Scott Renne, MAI, dated May 25, 1992.

240738

J. Scott Renne, MAI



Real Estate Appraiser • Consultant • REALTOR

1395 CHATTERTON ROAD • EAGAN, MINNESOTA 55123 • (612) 686-9866

May 25, 1992

Steven Tanger
Stanley K. Tanger & Company
150 East 58th Street, Suite 1201
New York City, NY 10155

Subject: Application of Minnesota Statute 469.174 Subdivision 19 to proposed outlet mall development at southwest corner of Interstate 35 and St. Croix Trail (State Highway 95), Branch, Minnesota.

Dear Mr. Tanger:

Pursuant to your request, I have reviewed information provided to me by Mary Ippel and Dan Wilson to estimate the soil correction costs associated with a 22.42 acre parcel located at the southwest corner of Interstate 35 and St. Croix Trail (State Highway 95) in the City of Branch, Minnesota. The analysis is done in conjunction with the letter of opinion special assessment benefit appraisal done for the same project, but is distinct from that as its issue is application of a law relating to tax increment financing as opposed to a law relating to the manner in which special assessments can be spread against benefiting properties. Much of the same raw data and analysis remains within my file as was used for that study. This study should be used in conjunction with that Letter of Opinion appraisal.

The special assessment benefit study described the pending sale on the property as it relates to comparable unimproved raw land in the northern peripheral suburbs and exurbs of the Twin Cities. Specific comparisons were made to properties in Wyoming, Forest Lake, Isanti, Medford and other areas. The competitive environment was studied.

The law that is being reviewed as it relates to soil correction costs and its impact on market value is Minnesota Statute 469.174 Subdivision 19 which states:

Soils Conditions Districts (A) "soils condition district" means a type of tax increment district consisting of a project, or portions of a project, within which the authority finds by resolution that the following conditions exist:

1. Less than 70% of the parcels in the district are occupied by buildings, streets, utilities or other

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improvements;

2. Unusual terrain or soil deficiencies for 80% of the acreage in the district require substantial filling, grading, or other physical preparation for use;
3. The estimated cost of the physical preparation under clause (2), but excluding costs directly related to roads as defined in section 160.01 and local improvements as described in sections 429.021, subdivision 1, clauses (1) to (7), (11), and (12), and 430.01, when added to the fair market value of the land upon inclusion in the district exceeds the anticipated fair market value of the land upon completion of the preparation.

The soils corrections are estimated to cost \$300,000. The corrections necessary are removal of top soil of approximately three feet through the entire area of building and parking lot. This is to be moved off the site to the area off St. Croix Trail west of the existing bank and office building.

Then the ponding area would be excavated and that soil removed and brought to the site and compacted to 3 1/2 to 4 feet above the grade after removal of top soil to get proper building elevations.

As is discussed in the special assessment benefit study in the valuation before improvements. The value estimate of \$2,500 per acre or \$.057 per square foot reflects a valuation in its current state without soil correction. Because of slow development and the exurban location, the highest and best use for the property as of the appraisal date, without improvements, is for farming until demand is in place to allow more intensive development such as a light industrial use as exists in a number of areas along Interstate 35 and Highway 65 north of the metro area.

These uses, which are less intensive than a commercial use, such as the proposed mall, would typically be a metal industrial building used for light manufacturing or distribution use. There is a likelihood that they would not have any soil correction at all with a less intensive use, as has been illustrated in a number of developments of this type in Wyoming, Forest Lake and Isanti.

Therefore, the market would only act positively in a only a marginal way to the subject property with soil correction done, versus without soil correction, due to the typical development usually not requiring soil correction. The estimated value after soil correction is \$2,900 per acre, or \$.067 per square foot.

Steven Tanger
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With the \$300,000 estimate of soil correction costs, or \$.348 per square foot, application of the Statute for a Soils Condition District is:

\$.057 s.f. value before correction + \$.348 s.f. cost of correction = \$.405 s.f. corrected cost of land which is significantly higher than \$.067 s.f. market value of land after soils correction is done.

This analysis has been done in conformance with the Uniform Standards of Professional Appraisal Practice, Standards One, Two, Four and Five. It is subject to the certification and limiting conditions attached.

Respectfully Submitted,



J. Scott Renne, MAI

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SCHEDULE G

Commissioner _____ introduced the following resolution and moved its adoption:

ECONOMIC DEVELOPMENT AUTHORITY OF BRANCH, MINNESOTA

RESOLUTION NO. 92-

RESOLUTION AWARDED THE SALE OF, AND PROVIDING THE FORM, TERMS, COVENANTS AND DIRECTIONS FOR THE ISSUANCE OF ITS \$300,000 TAXABLE LIMITED REVENUE TAX INCREMENT NOTE, SERIES 1992.

BE IT RESOLVED BY THE ECONOMIC DEVELOPMENT AUTHORITY OF BRANCH, MINNESOTA (THE "ISSUER") AS FOLLOWS:

Section 1. Authorization; Award of Sale.

1.01. Authorization. The City Council of the City of Branch (the "City") and the Issuer heretofore approved the establishment of the Issuer's Redevelopment Project No. 1 (the "Project") and Tax Increment Financing District No. 1-1 (the "TIF District") within the Project, and approved a tax increment financing plan for the purpose of financing certain improvements with the Project, all pursuant to Minnesota Statutes, Sections 469.090 to 469.108 and Sections 469.174 to 469.179.

240739 Pursuant to Minnesota Statutes, Section 469.178, the Issuer is authorized to issue and sell its bonds for the purpose of financing a portion of the public development costs of the Project. Such bonds are payable from all or any portion of revenues derived from the TIF District and pledged to the payment of the bonds. The Issuer hereby finds and determines that it is in the best interests of the Issuer that it issue and sell its \$300,000 Taxable Limited Revenue Tax Increment Note, Series 1992 (the "Note") for the purpose of financing certain public development costs of the Project.

1.02. Issuance, Sale, and Terms of the Note. The Issuer hereby delegates to the Issuer's Executive Director the determination of the date on which the Note is to be issued. The Note shall be issued in the total principal amount of \$300,000 and shall be sold to Stanley K. Tanger at the price of par. The Note shall be dated as of the date of receipt by the Issuer of a written certification submitted by the Owner that the Soil Corrections, as defined in that certain Contract for Private Redevelopment between the Issuer and the Owner dated _____, 1992 (the "Contract"), have been completed. The Note shall mature on February 1, 2000, and shall bear interest at the rate of ____% per annum to the earlier of maturity or prepayment. The Issuer and the Owner agree that the consideration paid to the Issuer in exchange for the Note consists of the Owner's payment of \$300,000 for the cost of Soil Corrections within the Project, as defined in the Contract.

Section 2. Form of Note. The Note shall be in substantially the following form, with the blanks to be properly filled in as of the date of issue:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF CHISAGO
ECONOMIC DEVELOPMENT AUTHORITY OF BRANCH, MINNESOTA

No. R-1

\$300,000

TAXABLE LIMITED REVENUE TAX INCREMENT NOTE
SERIES 1992

Rate

Date of
Original Issue

___ %

_____, 199__

The Economic Development Authority of Branch, Minnesota (the "Issuer"), hereby acknowledges itself to be indebted and, for value received, promises to pay to the order of Stanley K. Tanger or registered assigns (the "Owner"), solely from the source, to the extent and in the manner hereinafter provided, the principal amount of this Note, being Three Hundred Thousand Dollars (\$300,000) (the "Principal Amount"), together with interest thereon accrued from the date of original issue at the rate of interest of ___ % per annum (the "Stated Rate"), on each February 1 and August 1, commencing August 1, 1994 and ceasing no later than February 1, 2000 (the "Scheduled Payment Dates").

The Principal Amount is subject to prepayment at the option of the Issuer in whole or in part on any date.

Any payments on this Note shall be applied first to accrued interest and then to the unpaid Principal Amount.

Each payment on this Note is payable in any coin or currency of the United States of America which on the date of such payment is legal tender for public and private debts and shall be made by check or draft made payable to the Owner and mailed to the Owner at its postal address within the United States which shall be designated from time to time by the Owner.

This Note, and interest accrued on this Note, is, during the term of the Note, payable solely from Available Tax Increment (as such term is defined in the resolution of the Issuer adopted on _____, 1992 authorizing issuance of this Note). The obligations of the Issuer to pay principal of and any interest on this Note shall not be deemed to be in default in the event Available Tax Increment is not sufficient to pay the principal and interest due on the Note on any Scheduled Payment Date. Payment of such amounts, with interest thereon, shall be deferred and paid on the next Scheduled Payment Date on this Note on which, after payment of the amount due and payable on such date, Available Tax Increment generated after the date on which the deferral occurred is sufficient to pay, in whole or in part, such deferred amounts. The obligations of the Issuer to pay principal of and interest on the Note shall terminate on February 1, 2000, without regard to any such amounts which are then unpaid.

This Note is issued for the purpose of providing funds to defray certain capital and administration costs of a project undertaken by the Issuer pursuant to Minnesota Statutes, Sections 469.090 to 469.108 and Section 469.001 to 469.047, and

is issued pursuant to an authorizing resolution (the "Resolution") duly adopted by the Issuer on _____, 1992, and pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Sections 469.090 to 469.108, Sections 469.001 to 469.047 and Sections 469.174 to 469.179. This Note, during its term, is a limited obligation of the Issuer, payable solely from moneys pledged to the payment of the Note under the Resolution. During its term, the Note and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota, or any political subdivision thereof, including, without limitation, the Issuer. Neither the State of Minnesota, nor any political subdivision thereof, including, without limitation, the Issuer, shall be obligated to pay the principal of or interest on this Note during its term or other costs incident hereto except from the revenues and receipts pledged therefor, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof, including, without limitation, the Issuer, is pledged to the payment of the principal of or interest on this Note during its term or other costs incident hereto.

This Note is issuable only as a fully registered note without coupons. As provided in the Resolution, and subject to certain limitations set forth therein, this Note is transferable upon the books of the Issuer kept for that purpose at the principal office of the Registrar, by the Owner hereof in person or by such owner's attorney duly authorized in writing, upon surrender of this Note together with a written instrument of transfer satisfactory to the Issuer, duly executed by the Owner. Upon such transfer or exchange and the payment by the Owner of any tax, fee, or governmental charge required to be paid by the Issuer with respect to such transfer or exchange, there will be issued in the name of the transferee a new Note of the same aggregate principal amount, bearing interest at the same rate and maturing on the same dates.

This Note shall not be transferred to any person other than an affiliate, or other related entity, of the Owner unless the Issuer has been provided with an opinion of counsel or a certificate of the transferor, in a form satisfactory to the Issuer, that such transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws.

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

This Note shall not be valid or become obligatory for any purpose until the Authentication Certificate hereon shall have been manually signed by a person authorized to sign on behalf of the Registrar.

IN WITNESS WHEREOF, the Board of Commissioners of the Branch Economic Development Authority, has caused this Note to be executed by the manual signatures of the President and the Executive Director of the Issuer and has caused this Note to be dated as of the Date of Original Issue specified above.

ECONOMIC DEVELOPMENT AUTHORITY OF BRANCH MINNESOTA

Executive Director

President

Date of Authentication: _____

Bond Registrar's Authentication Certificate

This is one of the Notes described in the within mentioned Resolution.

Bond Registrar

By _____
Authorized Signature

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Section 3. Terms, Execution and Delivery.

3.01. Denomination, Payment. The Note shall be issued as a single typewritten note numbered R-1.

The Note shall be issuable only in fully registered form. Principal of and interest on the Note shall be payable by check or draft issued by the Registrar described herein.

3.02. Dates; Interest Payment Dates. The Note shall be authenticated as of the last interest payment date preceding the date of authentication to which interest on the Note has been paid or made available for payment, unless (i) the date of authentication is an interest payment date to which interest has been paid or made available for payment, in which case such Note shall be dated as of the date of authentication, or (ii) the date of authentication is prior to the first interest payment date on such Bond, in which case such Note shall be dated as of the date of initial delivery thereof. The interest on the Note shall be payable to the owner of record thereof as of the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day.

3.03. Registration. The Issuer hereby appoints the Executive Director of the Issuer to perform the functions of registrar, transfer agent and paying agent (the "Registrar"). The effect of registration and the rights and duties of the Issuer and the Registrar with respect thereto shall be as follows:

(a) Register. The Registrar shall keep at its office a bond register in which the Registrar shall provide for the registration of ownership of the Note and the registration of transfers and exchanges of the Note.

(b) Transfer of Note. Upon surrender for transfer of the Note duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form reasonably satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, a new Note of a like aggregate principal amount and maturity, as requested by the transferor. Notwithstanding the foregoing, the Note shall not be transferred to any person other than an affiliate, or other related entity, of the Owner unless the Issuer has been provided with an opinion of counsel or a certificate of the transferor, in a form satisfactory to the Issuer, that such transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws. The Registrar may close the books for registration of any transfer after the fifteenth day of the month preceding each Payment Date and until such Payment Date.

(c) Cancellation. The Note surrendered upon any transfer shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the Issuer.

(d) Improper or Unauthorized Transfer. When the Note is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Note or separate instrument of transfer is legally authorized. The Registrar shall incur no liability for its refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(e) Persons Deemed Owners. The Issuer and the Registrar may treat the person in whose name the Note is at any time registered in the bond register as the absolute owner of the Note, whether the Note shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Note and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability of the Issuer upon such Note to the extent of the sum or sums so paid.

(f) Taxes, Fees and Charges. For every transfer or exchange of the Note, the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee, or other governmental charge required to be paid with respect to such transfer or exchange.

(g) Mutilated, Lost, Stolen or Destroyed Note. In case any Note shall become mutilated or be lost, stolen, or destroyed, the Registrar shall deliver a new Note of like amount, maturity dates and tenor in exchange and substitution for and upon cancellation of such mutilated Note or in lieu of and in substitution for such Note lost, stolen, or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case the Note lost, stolen, or destroyed, upon filing with the Registrar of evidence satisfactory to it that such Note was lost, stolen, or destroyed, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance, and amount satisfactory to it, in which both the Issuer and the Registrar shall be named as obligees. The Note so surrendered to the Registrar shall be cancelled by it and evidence of such cancellation shall be given to the Issuer. If the mutilated, lost, stolen, or destroyed Note has already matured or been called for redemption in accordance with its terms, it shall not be necessary to issue a new Note prior to payment.

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3.05. Preparation and Delivery. The Note shall be prepared under the direction of the Executive Director of the Issuer and shall be executed on behalf of the Issuer by the signatures of the President and the Executive Director, and shall be sealed with the official corporate seal of the Issuer; provided that said signatures and the corporate seal may be printed, engraved, or lithographed facsimiles thereof. In case any officer whose signature, or a facsimile of whose signature, shall appear on the Note shall cease to be such officer before the delivery of the Note, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. Notwithstanding such execution, the Note shall not be valid or obligatory for any purpose or entitled to any security or benefit under this resolution unless and until a certificate of authentication on such Note has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Note certificates need not be signed by the same representative. The executed certificate of authentication on each Note shall be conclusive evidence that it has been authenticated and delivered under this resolution. When the Note has been so executed and authenticated, it shall be delivered by the Executive Director to the purchaser thereof upon payment of the purchase price, and the purchaser shall not be obligated to see to the application of the purchase price.

Section 4. Security Provisions.

4.01. Pledge. The Issuer hereby pledges to the payment of the principal of and interest on the Note all Available Tax Increment. The term "Available Tax

Increment" means all Tax Increments as defined in the Contract, except as hereinafter qualified, and subject to the following limitations:

(a) Available Tax Increment shall not include any tax increment received by the Issuer after February 1, 2000;

(b) Available Tax Increment shall not include any Tax Increments pledged to payment of any Bonds issued or to be issued by the City of Branch in accordance with the Contract;

(c) Until the Note is no longer outstanding, the Issuer shall not pledge Available Tax Increment as defined herein to any other obligation, except to the extent that such additional pledge is subordinate to the pledge of Available Tax Increment toward this Note.

Available Tax Increment shall be applied to payment of the principal of and interest on the Note in accordance with the terms of the form of Note set forth in Section 2 of this resolution.

4.02. Bond Fund. Until the earlier of February 1, 2000, or the date the Note is no longer outstanding and no principal thereof or interest thereon remains unpaid, the Issuer's Executive Director shall maintain a separate and special "Bond Fund" to be used for no purpose other than the payment of the principal of and interest on the Note. The Issuer irrevocably agrees to appropriate to the Bond Fund in each year Available Tax Increment necessary to pay principal and interest due on the Note in such year. All amounts in the Bond Fund shall be transferred to appropriate Issuer accounts as determined by the Issuer upon the earlier of: (1) payment in full of the principal and interest on the Bond; or (2) February 1, 2000.

Section 5. County Auditor Registration; Certification of Proceedings.

5.01. County Auditor Registration. The Issuer's Executive Director is hereby authorized and directed to file a certified copy of this resolution with the County Auditor of Chisago County, together with such other information as such County Auditor shall require, and to obtain from said County Auditor a certificate that the Note has been entered on his or her bond register.

5.02. Certification of Proceedings. The officers of the Issuer and the County Auditor of Chisago County are hereby authorized and directed to prepare and furnish to the Owner of the Note certified copies of all proceedings and records of the Issuer, and such other affidavits, certificates, and information as may be required to show the facts relating to the legality and marketability of the Note as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates, and affidavits, including any heretofore furnished, shall be deemed representations of the Issuer as to the facts recited therein.

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

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted by the Board of Commissioners of the Economic Development Authority of Branch, Minnesota on _____, 1992.

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STATE OF MINNESOTA

COUNTY OF CHISAGO

ECONOMIC DEVELOPMENT AUTHORITY OF BRANCH, MINNESOTA

)
)
) SS.
)
)

I, the undersigned, being the duly qualified and acting Executive Director of the Economic Development Authority of Branch, Minnesota, Chisago County, Minnesota, do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of the Board of Commissioners of the Authority held on _____, 19__ 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 related to the issuance and sale of \$300,000 Taxable Limited Revenue Tax Increment Note, Series 1992 of the Authority.

WITNESS My hand officially as such Executive Director and the corporate seal of the Authority this _____ day of _____, 19__.

Executive Director
Economic Development Authority of
Branch, Minnesota

(SEAL)

240738

SCHEDULE H

ASSESSMENT AGREEMENT

and

ASSESSOR'S CERTIFICATION

By and among

**ECONOMIC DEVELOPMENT AUTHORITY OF
BRANCH, MINNESOTA**

STANLEY K. TANGER

and

**COUNTY ASSESSOR OF THE
COUNTY OF CHISAGO**

This Document was drafted by:

HOLMES & GRAVEN, Chartered
470 Pillsbury Center
Minneapolis, Minnesota 55402

240738

ASSESSMENT AGREEMENT

THIS AGREEMENT, made on or as of the ____ day of _____, 19-____, and among the ECONOMIC DEVELOPMENT AUTHORITY OF BRANCH, MINNESOTA, a public body, corporate and politic (the "Authority") and STANLEY K. TANGER (the "Redeveloper"), and the COUNTY ASSESSOR OF THE COUNTY OF CHISAGO (the "Assessor").

WITNESSETH, that

WHEREAS, on or before the date hereof the Authority and Redeveloper have entered into a Contract for Private Redevelopment (the "Redevelopment Contract") regarding certain real property located in the City of Branch, pursuant to which the Authority is to facilitate development of certain property, hereinafter referred to as "Parcel A" and legally described in Exhibit A hereto; and

WHEREAS, pursuant to said Redevelopment Contract the Redeveloper is obligated to construct a retail shopping mall upon Parcel A (the "Minimum Improvements"); and

WHEREAS, the Authority and Redeveloper desire to establish a minimum market value for Parcel A and the Minimum Improvements constructed thereon, pursuant to Minnesota Statutes, Section 469.177, Subdivision 8; and

WHEREAS, the Authority and the Assessor have reviewed the preliminary plans and specifications for the Minimum Improvements and have inspected such improvements;

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

1. The minimum market value which shall be assessed for Parcel A described in Exhibit A, together with the Minimum Improvements thereon, for ad valorem tax purposes, shall be \$4,178,261 as of January 2, 1993, notwithstanding any failure to complete construction of such Minimum Improvements by that date.

2. The minimum market value herein established shall be of no further force and effect and this Agreement shall terminate on the earlier of the following: (a) The date of receipt by the Authority of the final payment from Chisago County of Tax Increments from TIF District No. 1-1; or (b) The date when the bonds issued by the City of Branch and referred to in the Redevelopment Contract as the Bonds have been paid in full and retired.

The event referred to in Sections 2(b) of this Agreement shall be evidenced by a certificate or affidavit executed by the Authority.

3. This Agreement shall be promptly recorded by the Authority. The Redeveloper shall pay all costs of recording.

4. Neither the preambles nor provisions of this Agreement are intended to, nor shall they be construed as, modifying the terms of the Redevelopment Contract between the Authority and the Redeveloper.

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

6. Each of the parties has authority to enter into this Agreement and to take all actions required of it, and has taken all actions necessary to authorize the execution and delivery of this Agreement.

7. In the event any provision of this Agreement shall be held invalid and unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

8. The parties hereto agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements, amendments and modifications hereto, and such further instruments as may reasonably be required for correcting any inadequate, or incorrect, or amended description of Parcel A or the Minimum Improvements, or for carrying out the expressed intention of this Agreement, including, without limitation, any further instruments required to delete from the description of Parcel A such part or parts as may be included within a separate assessment agreement.

9. Except as provided in Section 8 of this Agreement, this Agreement may not be amended nor any of its terms modified except by a writing authorized and executed by all parties hereto.

10. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

11. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.

ECONOMIC DEVELOPMENT AUTHORITY
OF BRANCH, MINNESOTA

By _____
Its Chair

By _____
Its Executive Director

240738

REDEVELOPER

By _____
Stanley K. Tanger

COUNTY ASSESSOR OF THE
COUNTY OF CHISAGO

By _____
Title _____

STATE OF MINNESOTA)
COUNTY OF CHISAGO) ss.

On this ____ day of _____, 19____, before me, a notary public within and for Chisago County, personally appeared _____ and _____, the Chair and Executive Director, respectively, of the Economic Development Authority of Branch, Minnesota (the "Authority") named in the foregoing instrument and acknowledged said instrument on behalf of the Authority.

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

On this ____ day of _____, 19____, before me, a notary public within and for _____ County, personally appeared Stanley K. Tanger and acknowledged the foregoing instrument.

Notary Public

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STATE OF MINNESOTA)
COUNTY OF CHISAGO) ss.

On this _____ day of _____, 19____, before me, a notary public within and for Chisago County, personally appeared _____, the County Assessor of Chisago County and acknowledged the foregoing instrument on behalf of said County Assessor.

Notary Public

240738

CERTIFICATION BY COUNTY ASSESSOR

The undersigned, having reviewed the plans and specifications for the improvements to be constructed and the market value assigned to the land upon which the improvements are to be constructed, hereby certifies as follows: The undersigned Assessor, being legally responsible for the assessment of the above described property, hereby certifies that the values assigned to the land and improvements are reasonable.

County Assessor for the
County of Chisago

STATE OF MINNESOTA)
COUNTY OF HENNEPIN) ss

The foregoing instrument was acknowledged before me this ____ day of _____, 19____ by _____, the County Assessor of the County of Chisago.

Notary Public

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SCHEDULE I

**DESCRIPTION OF PROPOSED REDEVELOPMENT PROJECT NO. 1
AND TIF DISTRICT NO. 1-1**

Redevelopment Project No. 1:

The West Half of Section 20, Township 35, Range 21, Chisago County,
Minnesota.

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EXHIBIT A of ASSESSMENT AGREEMENT

PARCEL "A"

Legal Description of Land

That part of the South Half of the Northwest Quarter of Section 20, Township 35, Range 21, Chisago County, Minnesota, described as follows:

1A. Commencing at the west quarter corner of said Section 20; thence on an assumed bearing of North 0°37'25" East along the west line of the Northwest Quarter of said Section 20 a distance of 672.32 feet to Point "A"; thence continuing North 0°37'25" East along said west line 646.04 feet to the center line of State Highway No. 95; thence on a bearing of East along the center line of State Highway No. 95 a distance of 1108.31 feet to Point "B"; thence continuing on a bearing of East along said center line 260.85 feet; thence South 0°30' West 100 feet to the south right of way line of State Highway No. 95 and Point "C"; thence continuing South 0°30' West 545.57 feet to Point "D" and the point of beginning of the property to be described; thence North 0°30' East 545.57 feet to Point "C" described above; thence on a bearing of West along the south right of way line of State Highway No. 95 a distance of 259.98 feet to the intersection with a line that bears South from Point "B" described above, said point of intersection is Point "E"; thence on a bearing of South 546.0 feet to the intersection with a line that bears East from Point "A" described above, said point of intersection is Point "F"; thence continuing on a bearing of South 670.80 feet to the south line of the South Half of the Northwest Quarter of said Section 20; thence North 89°55'27" East along said south line 819.32 feet to the westerly right of way line of Interstate Highway No. 35 and Point "G"; thence North 1°21' East along said westerly right of way line 105.70 feet to an angle point in said westerly right of way line; thence North 1°04'45" West along said westerly right of way line 331.91 feet; thence northerly 251.98 feet along said westerly right of way line which is a curve concave to the west, having a radius of 854.93 feet and a central angle of 16°53'15", the chord of said curve bears North 11°31'22" West; thence North 19°58' West along said westerly right of way line 1.75 feet to the intersection with a line that bears North 88°19'15" East from the point of beginning, said point of intersection is Point "H"; thence South 88°19'15" West 498.22 feet to the point of beginning.

1B That part of the Southwest Quarter of Section 20, Township 35, Range 21, Chisago County, Minnesota, described as follows:

Commencing at the northwest corner of said Southwest Quarter; thence on an assumed bearing of North 89 deg. 55'27" East along the north line of said Southwest Quarter a distance of 1123.16 feet to the point of beginning of the property to be described; thence South 0 deg. 37'28" West parallel with the west line of said Southwest Quarter a distance of 452.0 feet; thence North 89 deg. 55'27" East parallel with the north line of said Southwest Quarter a distance of 813.59 feet to the westerly right of way line of Interstate Highway No. 35; thence North 1 deg. 21' East along said westerly right of way line 452.11 feet to the north line of said Southwest Quarter; thence South 89 deg. 55'27" West along said north line 819.32 feet to the point of beginning.

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SCHEDULE I

DESCRIPTION OF PROPOSED REDEVELOPMENT PROJECT NO. 1 AND TIF DISTRICT NO. 1-1

TIF District No. 1-1:

Parcel A:

That part of the South Half of the Northwest Quarter of Section 20, Township 35, Range 21, Chisago County, Minnesota, described as follows:

240739
LA. Commencing at the west quarter corner of said Section 20; thence on an assumed bearing of North 0°37'25" East along the west line of the Northwest Quarter of said Section 20 a distance of 672.32 feet to Point "A"; thence continuing North 0°37'25" East along said west line 646.04 feet to the center line of State Highway No. 95; thence on a bearing of East along the center line of State Highway No. 95 a distance of 1108.31 feet to Point "B"; thence continuing on a bearing of East along said center line 260.85 feet; thence South 0°30' West 100 feet to the south right of way line of State Highway No. 95 and Point "C"; thence continuing South 0°30' West 545.57 feet to Point "D" and the point of beginning of the property to be described; thence North 0°30' East 545.57 feet to Point "C" described above; thence on a bearing of West along the south right of way line of State Highway No. 95 a distance of 259.98 feet to the intersection with a line that bears South from Point "B" described above, said point of intersection is Point "E"; thence on a bearing of South 546.0 feet to the intersection with a line that bears East from Point "A" described above, said point of intersection is Point "F"; thence continuing on a bearing of South 670.80 feet to the south line of the South Half of the Northwest Quarter of said Section 20; thence North 89°55'27" East along said south line 819.32 feet to the westerly right of way line of Interstate Highway No. 35 and Point "G"; thence North 1°21' East along said westerly right of way line 105.70 feet to an angle point in said westerly right of way line; thence North 3°04'45" West along said westerly right of way line 331.91 feet; thence northerly 251.98 feet along said westerly right of way line which is a curve concave to the west, having a radius of 854.93 feet and a central angle of 16°53'15", the chord of said curve bears North 11°31'22" West; thence North 19°58' West along said westerly right of way line 1.75 feet to the intersection with a line that bears North 88°19'15" East from the point of beginning, said point of intersection is Point "H"; thence South 88°19'15" West 498.22 feet to the point of beginning.

13 That part of the Southwest Quarter of Section 20, Township 35, Range 21, Chisago County, Minnesota, described as follows:

Commencing at the northwest corner of said Southwest Quarter; thence on an assumed bearing of North 89 deg. 55' 27" East along the north line of said Southwest Quarter a distance of 1123.16 feet to the point of beginning of the property to be described; thence South 0 deg. 37' 28" West parallel with the west line of said Southwest Quarter a distance of 452.0 feet; thence North 89 deg. 55' 27" East parallel with the north line of said Southwest Quarter a distance of 813.59 feet to the westerly right of way line of Interstate Highway No. 35; thence North 1 deg. 21' East along said westerly right of way line 452.11 feet to the north line of said Southwest Quarter; thence South 89 deg. 55' 27" West along said north line 819.32 feet to the point of beginning; and

Description for the part of pond and the drainfield area in the Southwest Quarter of Section 20.

That part of the Southwest Quarter of Section 20, Township 35, Range 21, Chisago County, Minnesota, described as follows:

Commencing at the northwest corner of said Southwest Quarter; thence on an assumed bearing of North 89° 55' 27" East along the north line of said Southwest Quarter a distance of 1123.16 feet to the point of beginning of the property to be described; thence South 0° 37' 28" West parallel with the west line of said Southwest Quarter a distance of 772.0 feet; thence South 89° 55' 27" West parallel with the north line of said Southwest Quarter a distance of 380.0 feet; thence North 0° 37' 28" East parallel with said west line 320.0 feet; thence North 89° 55' 27" East parallel with said north line 65.0 feet; thence North 0° 37' 28" East parallel with said west line 452.0 feet to the north line of said Southwest Quarter; thence North 89° 55' 27" East along said north line 315 feet to the point of beginning; and

240738

Description for the part of the pond and well area in the Northwest Quarter of Section 20

That part of the South Half of the Northwest Quarter of Section 20, Township 35, Range 21, Chisago County, Minnesota, described as follows:

Commencing at the west quarter corner of said Section 20; thence on an assumed bearing of North $0^{\circ}37'25''$ East along the west line of the Northwest Quarter of said Section 20 a distance of 672.32 feet to Point "A"; thence continuing North $0^{\circ}37'25''$ East along said west line 646.04 feet to the center line of State Highway No. 95; thence on a bearing of East along the center line of State Highway No. 95 a distance of 1108.81 feet; thence on a bearing of South 646.0 feet to the intersection with a line that bears East from Point "A" described above; thence on a bearing of South 85.0 feet to the point of beginning of the property to be described; thence on a bearing of West 218.0 feet; thence on a bearing of South 200.0 feet; thence on a bearing of West 97.0 feet; thence on a bearing of South 386.22 feet to the south line of the Northwest Quarter of said Section 20; thence North $89^{\circ}55'27''$ East along said south line 315.0 feet to the intersection with a line that bears South from the point of beginning; thence on a bearing of North 585.80 feet to the point of beginning.

240738

SECOND NEW FLINK AVENUE AGREEMENT AS TO ASSESSMENT
AND
WAIVER OF IRREGULARITY AND APPEAL

THIS SECOND NEW FLINK AVENUE AGREEMENT AS TO ASSESSMENT AND WAIVER OF IRREGULARITY AND APPEAL ("Second New Flink Avenue Assessment Agreement") is made and entered into this 26th day of November, 2007, by and between the **CITY OF NORTH BRANCH**, a Minnesota municipal corporation (hereinafter referred to as the "City"); and **NORTH BRANCH MARKET PLACE, LLC**, a Minnesota limited liability company (hereinafter referred to as "Developer").

ARTICLE ONE
RECITALS

1. The following Recitals contain capitalized terms which, if not defined in such Recital are defined elsewhere in this Second New Flink Avenue Assessment Agreement or in the Development Agreement as hereinafter defined and are hereby made an integral part of this Second New Flink Avenue Assessment Agreement:

1.1 Benefited Property. Developer is the owner of Seven (7) parcels of real property located in Chisago County, State of Minnesota legally described on Exhibit A hereto (the "Benefited Property").

1.2 Development Agreement. The City and the Developer are parties to a Tax Abatement, Business Subsidy, Development and Subdivision Agreement dated November 26, 2007 and recorded _____, 2007 as Document No. _____ (the "Development Agreement") which Development Agreement replaces and supersedes a prior Tax Abatement, Business Subsidy, Development Agreement dated August 28, 2006 (the "Prior Development Agreement").

1.3 Prior Assessment Agreement. The City and the Developer are parties to an agreement dated August 28, 2006 relating to the matters described in this Second New Flink Avenue Assessment Agreement (the "Prior New Flink Avenue Assessment Agreement").

1.4 New Flink Avenue Public Improvements. The City proposes to install certain public improvements benefiting the Benefited Property, including without limitation, the improvements described in Exhibit B attached hereto and incorporated herein (the "New Flink Avenue Public Improvements").

1.5 Additional Assessment. As provided in Section 3.1.14 of the Development Agreement and in consideration of the City accepting the Initial Security in lieu of the full Security Amount, Developer has agreed that the City will assess the Benefitted Property (the "Additional Assessment") in the amount of \$786,000.00 (the "Approved Additional Assessment Amount") until such time as the City receives the Final Security Amount as identified in the Development Agreement.

1.6 Assessment for New Flink Avenue Public Improvements, Additional Assessment. Developer and the City desire to set forth the understanding of the parties hereto with respect to: (a) the assessment of not more than \$1,725,000.00 (the "Approved New Flink Avenue Assessment Limit") of the cost of the New Flink Avenue Public Improvements described herein against the Benefitted Property; (b) the assessment of no more than the Approved Additional Assessment Amount of \$786,000.00 against the Benefitted Property; (c) the right of Developer to object to and appeal the assessment for the New Flink Avenue Public Improvements and the Additional Assessment if and to the extent each such assessment exceeds the Approved Assessment Limit or the Approved Additional Assessment Amount; (d) the payment of each such assessment all as more particularly described in this Second New Flink Avenue Assessment Agreement; Agreement and to the extent of differences between the Prior New Flink Avenue Assessment Agreement and this Second New Flink Avenue Assessment Agreement, the control thereof by this Second New Flink Avenue Assessment Agreement.

ARTICLE TWO

AGREEMENT AS TO ASSESSMENT

2. The following provisions shall apply to the assessment of the cost of the afore-described New Flink Avenue Public Improvements against the Benefitted Property and the limitations thereon and to the extent of conflict with the Prior New Flink Avenue Assessment Agreement, the following shall control:

2.1 New Flink Avenue Public Improvements. The "New Flink Avenue Public Improvements" consist of some or all of street, water, storm sewer, sanitary sewer and other public utilities servicing the Benefitted Property and are more particularly described or shown on Exhibit B hereto.

2.2 Public Improvements. The "Public Improvements" consists of those improvements identified in Section 2.1.2 of the Development Agreement and consist of sanitary sewer, storm sewer, water, grading and a lift station on or serving the Development Property.

2.3 Cost/Benefit of New Flink Avenue Public Improvements and of Public Improvements. The City and Developer agree that the estimated cost of construction of the New Flink Avenue Public Improvements is equal to the Approved Assessment Limit and the estimated cost of the construction of the Public Improvements is equal to the Approved Additional Assessment Amount. Accordingly, Developer agrees that the City may levy an assessment against the Benefitted Property (the "Approved Flink Avenue Assessment") in an amount not to exceed the Approved Assessment Limit which shall be payable over a period of fifteen (15) years, together with interest at a rate equal to 1% over the rate per annum charged to the City on the bonds used to finance the New Flink Avenue Public Improvements (the "Interest Rate") and otherwise except as otherwise provided herein in accordance with Minnesota Statutes Chapter 429 and the City's ordinances, policies and procedures. Further, the Developer agrees that if the Developer

fails to provide the Final Security or if the City is required to construct or complete construction of the Public Improvements in an amount not to exceed the Approved Additional Assessment Amount which will be payable over a period of fifteen (15) years with interest at the Interest Rate and except as otherwise provided herein, in accordance with Minnesota Statutes Chapter 429 and the City's ordinances, policies and procedures. As set forth in the Development Agreement, the City and the Developer agree that the assessments levied for the New Flink Avenue Public Improvements and for the Public Improvements (if levied) shall be apportioned among the Benefited Property parcels in the following percentages:

Lot 1, Block 1	5%
Lot 2, Block 1	33%
Lot 3, Block 1	4%
Lot 1, Block 2	6%
Lot 2, Block 2	38%
Lot 3, Block 2	7%
Lot 4, Block 2	7%

The City will provide the Developer at least sixty (60) days notice before commencing construction of the Public Improvements, and the City will not commence said construction if the Developer does so within said sixty (60) day period.

2.3 Waiver of Irregularity and Right to Appeal. Developer hereby waives for itself and its successors and assigns, any irregularity with regard to the afore-described assessments for the New Flink Avenue Public Improvements and the Public Improvements described herein, and any claim that the amount of such Approved Assessment Limit or Approved Additional Assessment Amount levied against the Benefited Property is excessive, so long as the actual assessment (exclusive of interest) does not exceed the Approved Assessment Limit or the Approved Additional Assessment Amount and if the actual assessment (exclusive of interest) exceeds the Approved Assessment Limit in the case of the New Flink Avenue Assessment or the Approved Additional Assessment Amount in the case of the Additional Assessment, Developer's right to appeal each such assessment shall be limited to the amount by which such actual assessment (exclusive of interest) as levied exceeds the Approved Assessment Limit in the case of the New Flink Avenue Assessment or the Approved Additional Assessment Amount in the case of the Additional Assessment. Subject to the same limitation, Developer further waives for itself and its successors and assigns all rights Developer has or may have to appeal the actual assessment for the New Flink Avenue Public Improvements Assessment and the Additional Assessment whether in the courts or otherwise.

2.4 Future Assessments Not Prohibited. This Second New Flink Avenue Assessment Agreement is not intended to limit, control or impair: (a) the rights of the City to levy future special assessments against the Benefited Property; or (b) the rights of the Developer to contest such future special assessments both as and to the extent allowed by Minnesota law.

ARTICLE THREE MISCELLANEOUS

3. The following miscellaneous provisions are hereby made a part of this Second New Flink Avenue Assessment Agreement:

3.1 Governing Law. This Second New Flink Avenue Assessment Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota and all disputes hereunder shall be venued in the district court in and for Chisago County, State of Minnesota and Developer hereby agrees to the jurisdiction of such court.

3.2 No Partnership or Joint Venture. Nothing contained in this Second New Flink Avenue Assessment Agreement shall be interpreted as creating a partnership, joint venture or other relationship between Developer and the City relative to the matters described herein.

3.3 Binding Effect. This Second New Flink Avenue Assessment Agreement shall be binding on and inure to the benefit of the parties hereto and the respective heirs, successors, assigns, personal representative and executors of such parties.

3.4 Amendment, Modification, or Waiver. No amendment, modification, or waiver of any condition, provision or term of this Second New Flink Avenue Assessment Agreement shall be made or of any effect unless made in writing, signed by the party or parties to be bound or a duly authorized representative, and specifying with particularity the extent and nature of such amendment, modification or waiver. Any waiver by any party of any default hereunder by another party shall not affect or impair any right arising from any subsequent default. Except as expressly and specifically stated otherwise, nothing herein shall limit the remedies and rights of the parties hereto under and pursuant to this Second New Flink Avenue Assessment Agreement.

3.5 Severable Provisions. Each provision, section, sentence, clause, phrase, and word of this Second New Flink Avenue Assessment Agreement is intended to be severable. If any provision, section, sentence, clause, phrase and word hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Second New Flink Avenue Assessment Agreement.

3.6 Captions, Headings or Titles. All captions, headings, or titles in the paragraphs or sections of this Second New Flink Avenue Assessment Agreement are inserted for convenience of reference only and shall not constitute a part of this Second New Flink Avenue Assessment Agreement or as a limitation on the scope of the particular paragraphs or sections to which they apply.

3.7 Superseding Effect. This Second New Flink Avenue Assessment Agreement, upon its due approval and execution by the parties hereto supersedes and replaces in its entirety the Prior New Flink Avenue Assessment Agreement.

A-493621

IN WITNESS WHEREOF, the parties have caused this Second New Flink Avenue Assessment Agreement to be executed effective the day and year first above written.

CITY OF NORTH BRANCH:

NORTH BRANCH MARKET PLACE,
LLC

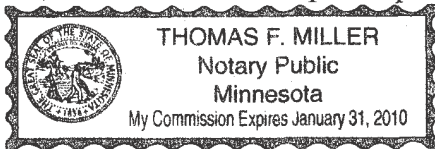
By: Gloria Karsky
Gloria Karsky, Mayor

By: Patrick J. Hart
Patrick J. Hart, Vice President

By: Ry-Chel D. Gaustad
Ry-Chel D. Gaustad, Clerk

STATE OF MINNESOTA)
)ss.
COUNTY OF CHISAGO)

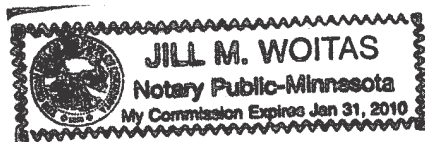
This instrument was acknowledged before me this 20th day of November, 2007, by Gloria Karsky and Ry-Chel D. Gaustad, respectively the Mayor and Clerk of the City of North Branch, a Minnesota municipal corporation on behalf of the City.



Thomas F. Miller
Notary Public

STATE OF MINNESOTA)
)ss.
COUNTY OF Hennepin)

This instrument was acknowledged before me this 28th day of November, 2007, by Patrick J. Hart, Vice President of North Branch Market Place, LLC, a Minnesota limited liability company on behalf of the company.



Jill M. Woitas
Notary Public

THIS INSTRUMENT WAS DRAFTED BY:

MILLER LAW OFFICE, P.A.
Oak Point Office Center, Suite 4
26357 Forest Boulevard, Box 807
Wyoming, MN 55092
(651) 462-0206
By: Thomas F. Miller (#155676)

Received from/return to:
FIRST AMERICAN TITLE INSURANCE COMPANY
1900 MIDWEST PLAZA WEST
801 NICOLLET MALL
MPLS, MN 55402

**EXHIBIT A
TO
SECOND NEW FLINK AVENUE ASSESSMENT AGREEMENT**

Legal Description of Benefited Property

Lots 1-3, Block 1 and Lots 1-4, Block 2, North Branch Market Place according to the plat thereof on file and of record in the office of the County Recorder in and for Chisago County, Minnesota.

493621

**EXHIBIT B
TO
SECOND NEW FLINK AVENUE ASSESSMENT AGREEMENT**

NEW FLINK AVENUE PUBLIC IMPROVEMENTS

Street, sanitary sewer, storm sewer and water improvements and all grading, excavating, inspection and related activities. The scope of such improvements shall be described in detail in the plans and specifications for the project as prepared and amended from time to time by the City's engineers and as approved by the City.

493621



**OFFICE OF COUNTY RECORDER
Chisago County, Minnesota**



I hereby certify that this document was filed in this office on 12/26/2007 at 4:26:07 PM and was duly recorded as document number **A-493621**

THORA G FISKO -County Recorder, by _____ Deputy.

Well Certificate: ☐ Received ☐ Not Required

Fees:

REC'G COMPLIANCE FUND	\$11.00
STATE GENERAL FUND	10.50
TECHNOLOGY FUND	10.00
GENERAL ABSTRACT	14.50
Total	\$46.00

Reference Document #

493618

SPECIAL ASSESSMENT AGREEMENT

PARCELS B, C, D, E, AND F

THIS AGREEMENT made this 15 day of June, 1992, by and between the City of Branch, a Minnesota municipal corporation (the "City"), and Old Little Sweden, Inc. and Little Sweden, Inc. (collectively the "Owner");

WITNESSETH:

WHEREAS, the Owner is the owner of certain real property in the City of Branch, legally described in Attachment One, attached hereto and hereby made a part hereof (hereinafter referred to as the "Subject Property"); and

WHEREAS, Owner desires to develop the Subject Property or receive benefits of certain public improvements; and

WHEREAS, the development or betterment of the Subject Property will require the construction of certain public improvements as described in that certain Contract for Private Redevelopment by and among Economic Development Authority of Branch, Minnesota, the City of Branch, Minnesota, Stanley K. Tanger, Old Little Sweden, Inc. and Little Sweden, Inc., dated June 15, 1992 (the "Contract"), the portions of which to be financed by special assessments are hereinafter referred to as the "Improvement Project";

WHEREAS, a public hearing on the Improvement Project was duly held on March 2, 1992; and

WHEREAS, the Owner wishes for the City to construct the Improvement Project and to levy the cost of the Improvement Project against the Subject Property in accordance with the Contract; and

WHEREAS, the City is willing to construct the Improvement Project as requested by the Owner, provided the assurances and covenants hereinafter stated are made by Owner to ensure that the City will have valid and collectable special assessments to finance the cost of the Improvement Project; and

WHEREAS, were it not for the assurances and covenants hereinafter provided, the City would not construct the Improvement Project and is doing so at the behest, and for the benefit, of the Owner;

NOW, THEREFORE, ON THE BASIS OF THE PREMISES AND THE MUTUAL COVENANTS AND AGREEMENTS HEREINAFTER PROVIDED, THE PARTIES HERETO AGREE AS FOLLOWS:

1. Owner hereby petitions the City for construction of the Improvement Project benefitting the Subject Property.

2. Owner represents and warrants that it is the Owner of 100% of the Subject Property; that it has full legal power and authority to encumber the Subject Property as herein provided; and that as of the date hereof, it has fee simple absolute title in the Subject Property, which is not subject to any liens, interests, or encumbrances, except as listed on Attachment Two, attached hereto and hereby made a part hereof.

3. Owner requests that the cost of the Improvement Project be assessed against the Subject Property. Owner understands and agrees that the cost of the Improvement Project will be determined in accordance with the Contract. Special assessments shall be spread as set forth in Schedule C of the Contract.

4. Owner waives the right to appeal the levy of special assessments in accordance with this Agreement pursuant to City ordinance or Minnesota Statutes, Ch. 429, or reapportionment thereof upon land division or otherwise, and further specifically agrees with respect to such special assessments or reapportionment that:

- a. The increase in fair market value to the Subject Property resulting from construction of the Improvement Project will be in an amount of at least the amount of the total potential project cost specified in paragraph 3, above, and that such increase in fair market value is a special benefit to the Subject Property.
- b. Assessment of the cost of the Improvement Project against the Subject Property in accordance with the Contract is reasonable, fair and equitable and there are not properties other than those specified in the Contract against which such cost should be assessed.
- c. Owner further specifically waives notice and right to appeal reapportionment of such special assessments upon land division.

5. Owner understands and agrees that the City will provide for the payment of such special assessments in installments bearing such interest as may be determined by the City Council in accordance with the Contract.

6. The covenants, waivers and agreements contained in this Agreement shall bind the successors, and assigns of the Owner and shall run with the land legally described in Attachment One and bind all successors in interest thereof. It is the intent and agreement of the parties hereto that this Agreement be in a form which is recordable in the office of the County Recorder of Chisago County,

Minnesota and agree to make any changes in this Agreement to effect the recording and filing of this Agreement against the title of the Subject Property.

7. This Agreement shall terminate upon the final payment of all special assessments against the Subject Property levied pursuant to this Agreement for the Improvement Project, and the City shall execute and deliver such documents, in recordable form, as are necessary to extinguish its rights hereunder.

Dated: June 15, 1992

CITY OF BRANCH

By Charles S. Huet

Its Mayor

By Robert Hagan

Its City Administrator

OWNER:

OLD LITTLE SWEDEN, INC.

By Arvidson M. Anderson

Its President

LITTLE SWEDEN, INC.

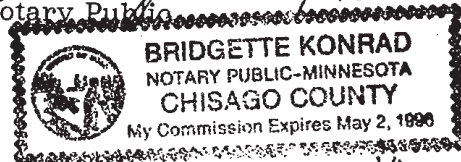
By Arvidson E. Anderson

Its President

STATE OF MINNESOTA)
COUNTY OF Chicago) SS.

The foregoing instrument was acknowledged before me this 15th day of June, 1992 by Charles D. Hult and Robert S. Morgan, the Mayor and Administrator of the City of Branch, Minnesota, a municipal corporation, on behalf of the City.

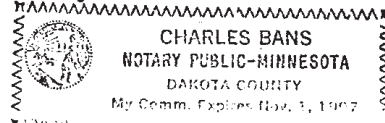
Bridgette Konrad
Notary Public



STATE OF MINNESOTA)
COUNTY OF Hennepin) SS.

The foregoing instrument was acknowledged before me this 12 day of June, 1992 by CLAYTON E. ANDERSON, the President of Little Sweden, Inc., a Minnesota corporation, who signed this document as his free act and deed on behalf of the corporation.

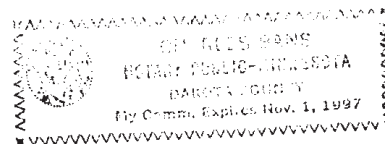
Charles Bans
Notary Public



STATE OF MINNESOTA)
COUNTY OF Hennepin) SS.

The foregoing instrument was acknowledged before me this 12th day of June, 1992 by QUENTIN M. ANDERSON, the President of Old Little Sweden, Inc., a Minnesota corporation, who signed this document as his free act and deed on behalf of the corporation.

Charles Bans
Notary Public



OFFICE OF COUNTY RECORDER
Chicago County, Minn. } SS.
STATE OF MINNESOTA }

I hereby certify that the within instrument was filed in this office for record on this 17th day of June A.D. 1992 at 11:00 o'clock A. M and was duly recorded as Microfilm No. 240791

Eleanor Lippner
County Recorder

Indexed X

Abstracted X

This instrument drafted
City of Branch

ATTACHMENT ONE TO SPECIAL ASSESSMENT AGREEMENT

PARCEL "B"

That part of the Southwest Quarter of Section 20, Township 35, Range 21, Chisago County, Minnesota, described as follows:

Commencing at the northwest corner of said Southwest Quarter; thence on an assumed bearing of North 89°55'27" East along the north line thereof, 1123.16 feet; thence South 0°37'28" West parallel with the west line of said Southwest Quarter a distance of 452.0 feet to the point of beginning of the property to be described; thence continuing South 0°37'28" West parallel with said west line 1108.0 feet; thence North 89°55'27" East parallel with the north line of said Southwest Quarter a distance of 794.91 feet to the westerly right of way line of Interstate Highway No. 35; thence northerly 228.93 feet along said westerly right of way line, which is a curve concave to the west, having a radius of 5629.58 feet, and a central angle of 2°19'48", the chord of said curve bears North 2°30'54" East; thence North 1°21' East along said westerly right of way line 879.51 feet to the intersection with a line that bears North 89°55'27" East parallel with the north line of said Southwest Quarter from the point of beginning; thence South 89°55'27" West parallel with said north line 813.59 feet to the point of beginning.

240794

ATTACHMENT ONE TO SPECIAL ASSESSMENT AGREEMENT

PARCEL "C"

That part of the Southwest Quarter of Section 20, Township 35, Range 21, Chisago County, Minnesota, described as follows:

Beginning at the northwest corner of said Southwest Quarter; thence on an assumed bearing of North $89^{\circ}55'27''$ East along the north line thereof, 1123.16 feet; thence South $0^{\circ}37'28''$ West parallel with the west line of said Southwest Quarter a distance of 1560.0 feet; thence North $89^{\circ}55'27''$ East parallel with the north line of said Southwest Quarter a distance of 794.91 feet to the westerly right of way line of Interstate Highway No. 35; thence southerly 492.42 feet along said westerly right of way line which is a curve concave to the west, having a radius of 5629.58 feet and a central angle of $5^{\circ}00'42''$, the chord of said curve bears South $6^{\circ}11'08''$ West to the intersection with Line "A" described below; thence North $66^{\circ}29'37''$ West along said Line "A" 371.32 feet to point "J" described below; thence North $73^{\circ}37'42''$ West along said Line "A" 1587.71 feet to the west line of said Southwest Quarter; thence North $0^{\circ}37'28''$ East along said west line 1451.22 feet to the point of beginning.

Description of Line "A"

Commencing at the southwest corner of the Southwest Quarter of Section 20, Township 35, Range 21, Chisago County, Minnesota; thence northerly along the west line of said Southwest Quarter a distance of 1186.65 feet to the point of beginning of said Line "A" to be described; thence easterly, deflecting to the right $105^{\circ}44'50''$ a distance of 1587.71 feet to point "J"; thence deflecting to the right $7^{\circ}08'05''$ a distance of 1889.83 feet, more or less, to the south line of said Southwest Quarter of the Southeast Quarter and said Line "A" there terminating.

And subject to County Highway No. 68 over and across the west 33 feet thereof.

ATTACHMENT ONE TO SPECIAL ASSESSMENT AGREEMENT

PARCEL "D"

That part of the South Half of the Northwest Quarter of Section 20, Township 35, Range 21, Chisago County, Minnesota, described as follows:

Commencing at the west quarter corner of said Section 20; thence on an assumed bearing of North $0^{\circ}37'25''$ East along the west line of the Northwest Quarter of Section 20 a distance of 1318.36 feet to the center line of State Highway No. 95; thence on a bearing of East along the center line of State Highway No. 95 a distance of 1108.81 feet to Point "B"; thence on a bearing of South 100 feet to the south right of way line of State Highway No. 95 and point "E"; thence continuing on a bearing of South 218 feet to the point of beginning of the property to be described; thence on a bearing of West 260 feet; thence on a bearing of North 218 feet to the south right of way line of State Highway No. 95; thence on a bearing of West along said south right of way line 383.26 feet; thence on a bearing of North along said south right of way line 25.0 feet; thence on a bearing of West along said south right of way line 466.36 feet to the west line of said South Half of the Northwest Quarter; thence South $0^{\circ}37'25''$ West along said west line 1243.36 feet to the southwest corner of said South Half of the Northwest Quarter; thence North $89^{\circ}55'27''$ East along the south line of said South Half of the Northwest Quarter a distance of 1123.16 feet to the intersection with a line that bears South from point "B" described above; thence on a bearing of North 998.80 feet to the point of beginning.

Subject to County Highway No. 68 over and across the west 33 feet thereof.

ATTACHMENT ONE TO SPECIAL ASSESSMENT AGREEMENT

PARCEL "E"

That part of the North Half of the Northwest Quarter of Section 20, Township 35, Range 21, Chisago County, Minnesota, described as follows:

Commencing at the northwest corner of said North Half of the Northwest Quarter of Section 20; thence on an assumed bearing of South 0°37'25" West along the west line of said North Half of the Northwest Quarter a distance of 500.0 feet to the point of beginning of the property to be described; thence North 73°58'05" East 1223.76 feet; thence North 63°10'16" East 83.05 feet to the westerly right of way line of County Highway No. 63, as described in Document No. 123002, recorded at the Chisago County Recorder's Office; thence South 0°49'44" East along said right of way line 336.08 feet; thence southerly 353.63 feet along said right of way line which is a curve concave to the west, having a radius of 753.51 feet and a central angle of 24°; thence South 23°10'16" West along said right of way line 143.60 feet; thence southerly 353.95 feet along said right of way line which is a curve concave to the east, having a radius of 883.51 feet and a central angle of 22°57'13" to the northerly right of way line of State Highway No. 95; thence on a bearing of West, not tangent to the last described curve, along the north right of way line of State Highway No. 95 a distance of 1074.77 feet to the west line of said North Half of the Northwest Quarter; thence North 0°37'25" East along said west line 744.34 feet to the point of beginning.

240794

ATTACHMENT ONE TO SPECIAL ASSESSMENT AGREEMENT

PARCEL "F"

That part of the North Half of the Northwest Quarter of Section 20, Township 35, Range 21, Chisago County, Minnesota, which lies north of the north right of way line of State Highway No. 95, easterly of the easterly right of way line of County Highway No. 64, as described in Document No. 123002, recorded at the Chisago County Recorder's Office, and westerly of the westerly right of way line of Interstate Highway No. 35.

240794



OFFICE OF COUNTY RECORDER
Chisago County, Minnesota

I hereby certify that this document was filed in this office
on 12/26/2007 at 4:23:54 PM and was duly
recorded as document number **A-493618**
THORA G FSKO -County Recorder, by _____ Deputy.

Well Certificate: _____ Received _____ Not Required

Received from/return to:

FIRST AMERICAN TITLE INSURANCE COMPANY
1900 MIDWEST PLAZA WEST
801 NICOLLET MALL
MPLS, MN 55402

Fees:
REC'G COMPLIANCE FUND \$11.00
STATE GENERAL FUND 10.50
TECHNOLOGY FUND 10.00
GENERAL ABSTRACT 14.50
Total \$46.00

23873/001/Tax Abatement City CLEAN 11-26-07 (AJG)

NORTH BRANCH MARKET PLACE
TAX ABATEMENT, BUSINESS SUBSIDY, DEVELOPMENT
AND
SUBDIVISION AGREEMENT

BETWEEN

CITY OF NORTH BRANCH
AND
NORTH BRANCH MARKET PLACE, LLC

REGARDING REAL PROPERTY LOCATED IN CHISAGO COUNTY, MINNESOTA
AND PLATTED AS LOTS 1-3, BLOCK 1, LOTS 1-4, BLOCK 2 AND OUTLOTS A-F,
NORTH BRANCH MARKET PLACE

THIS INSTRUMENT WAS DRAFTED BY:

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National Commercial Services
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Minneapolis, MN 55402

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NCS 106741 MPLS (JLE)

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B	-	Legal Description of the Pre-Plat Property
C	-	Second New Flink Avenue Agreement
D	-	Second Public Utility Assessment Agreement
E	-	Permitted Encumbrances
F	-	Letter of Credit
G	-	Certificate of Completion
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**NORTH BRANCH MARKET PLACE
TAX ABATEMENT, BUSINESS SUBSIDY, DEVELOPMENT AND SUBDIVISION
AGREEMENT**

THIS TAX ABATEMENT, BUSINESS SUBSIDY, DEVELOPMENT AND SUBDIVISION AGREEMENT ("Agreement"), is made and entered into this 26th day of November, 2007, by and between the CITY OF NORTH BRANCH, a Minnesota municipal corporation (the "City") and NORTH BRANCH MARKET PLACE, LLC, a Minnesota limited liability company, (the "Developer").

**ARTICLE ONE
RECITALS**

1. The following Recitals contain capitalized terms, which if not defined in such Recital are defined elsewhere in this Agreement and are hereby made an integral part of this Agreement:

1.1 Development Property. The Developer is the fee owner of the parcel or parcels of real property located in Chisago County, Minnesota and after approval of the Final Plat identified herein to be legally described on Exhibit A attached hereto and incorporated herein (the "Development Property") contingent on the execution of this Agreement and other matters.

1.2 Zoning and Density. The Development Property is, on the effective date of this Agreement zoned B2 pursuant to the City's Zoning Ordinance. The Development contemplated hereunder meets the requirement of the B2 District.

1.3 Development Areas. For purposes of this Agreement, certain provisions shall apply only to the "East Development" consisting of Lots 1-4, Block 2 and Outlot E, North Branch Market Place (the "East Development Property") and certain provisions shall apply only to the "West Development" consisting of Lots 1-3, Block 1 and Outlot B, C and D, North Branch Market Place (the "West Development Property"). Accordingly, unless specifically identified as applicable to the East Development or the West Development and/or Property, this Agreement shall apply to the entire Development and/or Development Property as defined herein.

1.4 West Development Agreement. The parties entered into a Tax Abatement, Development and Subdivision Agreement dated August 28, 2006 (the "West Development Agreement") which included, inter alia, the agreement of the parties regarding certain matters relating to real property then lying west of Existing Flink Avenue including but not limited to the parties agreement as to the business subsidy to be provided to the West Development Property, and the Developer's commitments relating to the provision of jobs, wages and other matters with respect to the West Development Property. It is the intent of the parties to restate the agreement of the parties as set forth in the West Development Agreement in this Agreement. Therefore, upon the execution

of this Agreement, the West Development Agreement shall be terminated as of such date and of no further force and effect after such date.

1.5 Existing Assessment Agreements. The parties also entered into the New Flink Avenue Agreement as to Assessment and Waiver of Irregularity and Appeal (the "New Flink Avenue Assessment Agreement") and a Public Utilities Agreement as to Assessment and Waiver of Irregularity and Appeal (the "Public Utilities Assessment Agreement") each dated August 28, 2006. The parties desire: (i) to amend the Public Utilities Assessment Agreement to spread such assessment over both the East Development Property and the West Development Property; (ii) to replace the New Flink Avenue Assessment Agreement; (iii) to update the amount of the agreed upon New Flink Avenue Assessment; and (iv) to spread the New Flink Avenue assessment over both the East Development Property and the West Development Property.

1.6 Development and Subdivision. The subdivision and development of the Development Property consists of the subdivision of the real property legally described on Exhibit B hereto (the "Pre-Plat Property") into the parcel's constituting the East Development Property and the West Development Property, as set forth on the Final Plat as hereinafter defined into a commercial subdivision platted pursuant to Minnesota Statutes as North Branch Market Place into a subdivision consisting of Seven (7) lots and six (6) Outlots; and the construction on the Development Property of Seven (7) commercial buildings (the "Development") as generally identified on the site plan approved by the City on July 9, 2007 (the "Site Plan"). The Development includes certain public improvements required to be installed as set forth in this Agreement, to serve the Development. Where used in this Agreement the term "North Branch Market Place Development" will mean the plan of subdivision and development of the Development Property as set forth in this Agreement. The Developer proposes to convey both of Outlots A and F of the Development to the City and the City is willing to accept such conveyance.

1.7 Final Plat. On or about July 9, 2007 the North Branch City Council approved the Final Plat of North Branch Market Place as prepared by Westwood Professional Services, Inc. (the "Final Plat") with respect to the subdivision of the Pre-Plat Property by the Developer. Subsequent modifications to the Final Plat as revised on November 21, 2007 were deemed non-material by the City and no additional public hearing or City Council action was deemed required. The Final Plat shows drainage and utility easements within which Developer will construct the Public Improvements defined herein and therefore, the City will not execute the Final Plat until the City has received and approved the Public Improvement Plans establishing that the Public Improvements will be constructed within such easements.

1.8 New Flink Avenue Project. Pursuant to a Petition for Improvements dated May 3, 2007, Developer has required that the City plan the construction of sanitary sewer, water, storm sewer, street and trail improvements (hereinafter the "New Flink Avenue Project") on that portion of the Final Plat to be dedicated to the City by the

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Developer (and as identified on the Final Plat as Flink Avenue) (hereinafter the "New Flink Avenue"). In connection with the petition for the New Flink Avenue Project, the City has prepared and provided to the Developer a feasibility report dated June 11, 2007 regarding the feasibility of and the estimated cost to construct the New Flink Avenue Project. The Developer has further requested that the City assess the Development Property for all portions of the cost of the New Flink Avenue Project (the "New Flink Avenue Assessment") including but not limited to the design, financing and construction thereof, pursuant to Minnesota Statutes Chapter 429 (the "Assessment Statute"), when the New Flink Avenue Project is constructed by the City. The Developer, for itself and its successors and assigns agrees that so long as the New Flink Avenue Assessment which the City levies against the Development Property (the "Actual Assessment Amount") equals or is less than \$1,725,000.00 (the "Assessment Amount"), the Developer and such successors and assigns agree to such assessment and waive any right to challenge the amount of benefit of or process followed to adopt such assessment. As a condition to the City's execution of the Final Plat, Developer shall execute the New Flink Avenue Superseding Agreement as to Assessment and Waiver of Irregularity and Appeal (the "Second New Flink Avenue Assessment Agreement") in the form attached hereto as Exhibit C which agreement will supersede and replace the New Flink Avenue Assessment Agreement. Developer shall have all of the rights available under and as limited by the Assessment Statute to challenge or object to that portion of the levied assessment which exceeds the Assessment Amount. The New Flink Avenue Assessment once levied, is proposed to be payable over 15 years with interest at the rate of 1% over the interest payable by the City on the bonds issued to finance the New Flink Avenue Project commencing as provided in the Assessment Statute and the City Resolution adopting the Public Utility Assessment.

1.8.1 Allocation. The City agrees that at the time the New Flink Avenue Assessment is levied, the Actual Assessment Amount up to the Assessment Amount will be allocated as follows among the lots constituting the Development Property:

Lot 1, Block 1	12%
Lot 2, Block 1	31%
Lot 3, Block 1	12%
Lot 1, Block 2	12%
Lot 2, Block 2	13%
Lot 3, Block 2	12%
Lot 4, Block 2	8%
Total	100%

The actual dollar amounts to be levied on each Lot may differ from the percentages set forth herein. If Developer desires a different allocation, Developer will request said reallocation following the City's determination of the actual amounts of the total assessment, but before the assessments are levied by

the City. Such reallocation is subject to the City's consent, which consent will not be unreasonably withheld or delayed.

1.9 Existing Flink Avenue Vacation. As soon as reasonably practicable after the later of: (a) the approval and recording of the Final Plat and other actions necessary to dedicate or create New Flink Avenue as a public street, (b) the completion of the New Flink Avenue Project and (c) the opening of the New Flink Avenue for use by traffic by the City, the City will vacate that portion of Flink Avenue as it presently is laid out ("Existing Flink Avenue") from the southerly right-of-way line of the intersection of New Flink Avenue and Existing Flink Avenue south to the northerly right-of-way line of State Highway 95 (hereinafter the "Vacated Flink Avenue Parcel"). Notwithstanding anything to the contrary, in addition to any other remedies at law or in equity, the Developer has the right to seek and obtain specific performance of the City's obligations in this paragraph, if the City does not commence and complete the proceedings to vacate Existing Flink Avenue, as required hereunder.

1.10 Public Utility Project. The Developer petitioned for the City to install utility extensions from the south side of Highway 95 (the "Public Utility Extension Project"), pursuant to that certain Petition for Local Improvements and Agreement, dated February 27, 2006 ("Petition"). In response to the Petition, the City completed at a cost of \$146,450.00 (the "Public Utilities Cost") the Public Utility Extension Project. The Developer, pursuant to the Petition executed the Public Utilities Assessment Agreement and pursuant to said agreement, the City agreed to assess the Public Utilities Cost against the West Development Property however, the Developer desires to have the Public Utilities Cost assessed against the parcels constituting the West Development Property and the East Development Property and has agreed to execute a superseding agreement as to assessment and waiver of irregularity and right to appeal (the "Second Public Utility Assessment Agreement") in the form attached hereto as Exhibit D and as a condition to the City's reallocation of such assessment. Pursuant to the Second Public Utility Assessment Agreement, the "Public Utility Extension Assessment" will be payable over 15 years, at 1% over the interest payable by the City on the bonds issued to finance the Project commencing as provided in the Assessment Statute and the City Resolution adopting the Public Utility Assessment and will be allocated as follows:

Lot 1, Block 1	\$ 7,322.50		
Lot 2, Block 1	\$ 48,328.50		
Lot 3, Block 1	\$ 5,858.00		
Lot 1, Block 2	\$ 8,787.00	Lot 2, Block 2	\$ 55,651.00
Lot 3, Block 2	\$ 10,251.50		
Lot 4, Block 2	\$ 10,251.50		
Total	\$146,450.00		

1.11 Tax Abatement.

1.11.1 Statute. Minnesota Statutes Section 469.1812 through 469.1815 (the "Tax Abatement Statute") provides that the governing body of a political subdivision may grant an abatement of some or all of the real estate taxes imposed on a parcel of property by the political subdivision;

1.11.2 Political Subdivision. The City is a political subdivision as that term is defined in the Tax Abatement Statute;

1.11.3 West Property Tax Abatement. The City, in the West Development Agreement, agreed to abate a portion of the real estate taxes paid by the West Development Property for a period not to exceed 8 years and in a total amount not to exceed \$272,500.00 (the "West Property Tax Abatement");

1.11.4 East Property Tax Abatement. The City is willing to abate a portion of the real estate taxes paid by the East Development Property for a period not to exceed 5 years (commencing in 2010) and in a total amount not to exceed \$300,000.00 (the "East Property Tax Abatement");

1.11.5 Business Subsidy. The provisions of Minnesota Statutes § 116J.993 through 116J.995 (the "Business Subsidy Statute") apply to each of the two tax abatement amounts identified hereunder;

1.11.6 Jobs and Wages. The Developer is further willing to commit to creating the number of FTE Jobs and the Additional Jobs, as defined herein and at the wage levels provided herein as a condition to the receipt of the subsidy provided to the East Property Development hereunder; and

1.11.7 FTE Jobs. The Developer has agreed and committed to create at least One Hundred (100) FTE jobs in connection with the Development at an average of not less than \$7.00 per hour (exclusive of benefits) (the "FTE Jobs") in the manner provided herein as a condition to the receipt of the subsidy provided to the West Development Property and the East Development Property hereunder

1.11.8 Additional Jobs. As a further condition to its receipt of the subsidy provided to the West Development Property and the East Development Property hereunder, the Developer has agreed and committed to create at least One Hundred Ninety-six (196) jobs in addition to the FTE Jobs at wages in compliance with applicable State and Federal minimum wage requirements (the "Additional Jobs") in connection with the Development.

1.11.9 Support for Incentive. The City believes that the conditions and intent of the Tax Abatement Statute and the Business Subsidy Statute and the City policies and procedures adopted thereunder will be met by the West Property Tax Abatement and the East Property Tax Abatement in that as to each:

(a) the City expects the benefits to the City from each of the West Property Development and the East Property Development to equal or exceed the costs to the City of the subsidy provided as to each hereunder; and

(b) granting the tax abatement to each of the West Property Development and the East Property Development provided hereunder will increase commercial tax base in the City and provide employment opportunities in the City.

1.12 Ancillary Actions. There are a number of actions (the "Ancillary Actions") which have been taken or which will need to be taken by or with the assistance of the City for the benefit of the Development Property in order to accommodate and permit completion of the West Property Development and the East Property Development. In taking or assisting with these Ancillary Actions, the City has incurred (both under and relating to the West Development Agreement) and will incur certain engineering, legal and administrative expenses. The following subparagraphs describe certain of the Ancillary Actions, however, the specific requirements of any given Ancillary Action are identified in or limited by other portions of this Agreement or applicable Federal, State or local laws, ordinances, rules and regulations:

1.12.1 Subdivision and Conveyance. In accordance with the City's plan of overall development for the City and with the input from the Developer inclusion within the Final Plat and/or the North Branch Market Place Development or otherwise, of required subdivision approvals (in addition to acceptance by the City of required road service) and the conveyance of the Outlots identified in this Agreement from the Developer to the City; and

1.12.2 Interior Streets and Services. Dedications for City streets, sewer and water, and easements for gas, underground electric, underground telephone, cable and other possible services (collectively "Required Services"), of interior street and other easements and rights of way within or servicing the North Branch Market Place Development. Interior improvements to be constructed by the Developer and, (except as limited herein, and to the extent customarily maintained) maintained by the City will include utility services as determined by the City to be appropriate for the North Branch Market Place Development. The City anticipates that only the water main, sanitary sewer, and certain functional portions of some of the ponds installed by the Developer on the Development Property will be maintained by the City pursuant to this Agreement, the easement rights granted to the City in the Final Plat and those easements that the City will require the Developer grant to the City; and

1.12.3 Pond Ownership and Maintenance. Agreement between the City and the Developer as to their respective obligations to own and maintain stormwater retention ponds and, trails as shown in the Final Plat. All such ponds

shall be owned by the Developer or with the consent of the City by the Association as hereinafter defined. The City will maintain certain functional portions of (e.g., traps and filters) the ponds located in Outlots B and C which serve more than the Development Property, but the Developer (for itself and its successors and assigns) will agree to maintain any landscaping or grassy areas around all of the ponds and all functional parts of any pond located other than in Outlots B and C of the Development Property. If requested by the City, the Developer and City will enter into one or more separate Pond Maintenance Agreements, setting out each party's obligations with respect to the ponds; and

1.12.4 Other. Subject to all preconditions thereto required by the City's ordinances or this Agreement, the taking by the City of such other steps as determined by the City to be appropriate or customary to facilitate and permit development and construction of the North Branch Market Place Development in accordance with this Agreement, including, without limitation, granting of necessary City permits and approvals and maintenance, repair and operation by the City of the Public Improvements, as hereinafter defined.

1.13 Preliminary Agreements of the Parties. Subject to all of the terms, conditions and provisions contained in this Agreement, including, without limitation, the contingencies stated in Article Two hereof, and any additional matters described herein to be incorporated after its execution, the parties have agreed as follows:

1.13.1 Development Roles. Performance by the Developer hereunder will require the financing, design, staking, and construction of the Public Improvements defined in Paragraph 2.1.2 hereof. Performance by the City hereunder will require the inspection of the Public Improvements. The parties have agreed, subject to the terms of this Agreement, that: (i) the Developer shall be responsible for obtaining governmental approvals for, financing, design and construction of the Public Improvements as defined in Paragraph 2.1.2 hereof; (ii) the Developer shall be responsible for staking the corners of all lots in the Development Property and for providing temporary and permanent markers and property irons showing the limits of right-of-way and easements to be dedicated to the City as part of the Public Improvements; and (iii) the City shall be responsible for inspecting the Public Improvements to determine that such improvements are in compliance with this Agreement and the City's ordinances and practices; and

1.13.2 Payment of Costs of Public Improvements. In addition to the New Flink Avenue Assessment and the Public Utility Assessment, Developer has agreed to pay all of the out-of-pocket costs to be incurred in the financing, design and construction of the Public Improvements. Other than for the New Flink Avenue Project and the Public Utility Assessment Project, the City will not issue any bonds or other City obligations to finance the costs of any Public Improvements to be constructed hereunder, and that except for the New Flink

Avenue Assessment and the Public Utility Assessment, all of the costs of construction of the Public Improvements shall be paid by the Developer. Nothing in this Paragraph 1.11.2 shall prohibit the City from assessing the Development Property or portions thereof for the costs of future repairing or upgrading of the Public Improvements or for additional future public improvements to the extent allowed by Minnesota law; and

1.13.3 Environmental Assessment. Based on representations by the Developer, the City has completed an Environmental Assessment Worksheet for the Pre-Plat Property and determined that no additional environmental undertakings regarding the Development Property will be required as a condition to the City's execution of this Agreement other than as provided herein.

1.14 Development Agreement. The City's Ordinances and the City's approval of the Final Plat require in connection with the proposed North Branch Market Place Development and the subsidies provided hereunder, that the City negotiate and enter into this Development and Subdivision Agreement with Developer, and that Developer pursue with the City the obtaining of all requisite approvals for the North Branch Market Place Development of the Development Property and related matters pursuant to this Agreement (all of which shall be referred to herein as the "City Approval Process") which City Approval Process may change from time to time. Additionally, the Subsidy Statute requires the City and the Developer to enter into a written subsidy agreement which agreement is set forth in this Agreement. Notwithstanding the foregoing, the parties agree that until this Agreement is duly approved and executed the West Development Agreement shall remain in full force and effect and no further approvals shall be required as to those matters approved and agreed upon in the West Development Agreement.

1.15 Development. The City has determined that the North Branch Market Place Development: (a) will promote and carry out the objectives for which development in the City has been undertaken; (b) will be in the best interests of the City and the health, safety, morals and welfare of its residents; and (c) is in accord with the public purposes and provisions of the applicable state and local laws, including requirements of the City's Code, under which development in the City has been undertaken and is being assisted.

1.16 Intent. Subject to the foregoing provisions, Developer and the City, pursuant to this Agreement, desire to enter into this Agreement in satisfaction of applicable City requirements and to set out the undertakings and obligations of each party from this point forward with respect to the North Branch Market Place Development and with respect to the City Approval Process, all as required by the City's Code of Ordinances (the "Code") and in satisfaction of applicable State Statutes, including but not limited to the Subsidy Statute, Tax Abatement Statute and the Assessment Statute.

1.17 Incorporation of Recitals. These recitals are hereby incorporated into the substantive provisions of this Agreement, and shall be binding on and enforceable upon the City and Developer.

ARTICLE TWO

DEFINITIONS AND CONTINGENCIES

2.1 Definitions. Without in any way limiting definitions provided for capitalized terms in other portions of this Agreement, in addition to those capitalized terms in the Recitals or elsewhere in this Agreement, the following terms have the following respective meanings unless the context hereof clearly requires otherwise:

2.1.1 Public Improvement Plans. "Public Improvement Plans" means all plans, drawings, specifications and other documents relating to the Public Improvements prepared and completed by the Developer's Engineer and approved by the City, as identified in Paragraph 4.1 and all of which plans are incorporated in this Agreement by this reference irrespective of whether the City's approval of any of such documents occurs before or after the execution and delivery of this Agreement.

2.1.2 Public Improvements. "Public Improvements" means each and all of the improvements to be constructed by the Developer on or for the benefit of the Development Property as part of the Development pursuant to the Public Improvement Plans and this Agreement. Without limiting the foregoing, Public Improvements include sanitary and storm sewer and water, grading and lift station as described in the Public Improvement Plans, but shall not include the plans for construction of any buildings within the Subdivision. Specifically, the Public Improvements will consist of water main on the Development Property (portions of which will be oversized from 8" to 20" to serve properties in addition to the Development Property ("Water Main Oversizing"), the sanitary sewer on the Development Property, additional storage in certain of the ponds on the Development Property ("Storm Sewer Oversizing") and Storm Sewer/Storm Water drainage and retention to serve the Development Property and other properties and/or street drainage. The Developer shall be reimbursed for the Water Main Oversizing and/or the Storm Sewer Oversizing in the manner provided in Section 3.1.15.1 of this Agreement.

2.1.3 North Branch Market Place Development. "North Branch Market Place Development" means development on the Development Property of the commercial buildings to be developed by Developer or other third parties authorized by Developer pursuant to the North Branch Market Place Development, this Agreement, the City's ordinances and procedures, state law and other agreements.

2.1.4 Ancillary Agreement(s). "Ancillary Agreement(s)" means any agreement or instrument duly approved by the City and required to be executed and delivered by any party hereto in the form of or substantially in the form of any exhibit to this Agreement, any schedule to this Agreement any other instrument or agreement, relating to the North Branch Market Place Development, executed and delivered, or to be executed and delivered pursuant to this Agreement or required by applicable ordinances, laws and procedures. Without limiting the foregoing, the Second New Flink Avenue Assessment Agreement and the Second Public Utility Assessment Agreement as defined in this Agreement shall be considered required Ancillary Agreements.

2.1.5 West Property Tax Abatement Amount. "West Property Tax Abatement Amount" means as to the West Property Tax Abatement, 90% of the increase in property taxes received by the City derived from the West Property, resulting from the construction of the North Branch Market Place Development on the West Property, commencing as to the West Property with the first year reflecting such increase in property taxes paid by the Developer as a result of the construction of any portion of West Property and using the taxes payable in 2008 as the base year for calculating such increase (the "West Property Base Year"); and "East Property Tax Abatement Amount" means as to the East Property Tax abatement, 100% of the increased property taxes received by the City derived from the East Property commencing with property taxes payable by the Developer in 2010 and using the taxes payable in 2009 as the base year for calculating such increase (the "East Property Base Year"), and as to each of the West Property Tax Abatement and the East Property Tax Abatement continuing as provided in Sections 7.1 and 7.2 respectively.

2.2 Contingencies. This Agreement is contingent upon the following contingencies which must be met and satisfied, as a condition of the parties being obligated to proceed with the North Branch Market Place Development in accordance with the terms and conditions hereof provided that the failure of any contingency shall not relieve Developer of its obligation to reimburse the City for City Costs hereunder and provided further that if any of said contingencies are not met any payments made to the City by the Developer hereunder shall be retained by the City and shall not be subject to refund to the Developer.

2.2.1 Approval of Plans. Approval by the parties of the Public Improvement Plans. Any approvals required hereunder shall not be unreasonably withheld.

2.2.2 Governmental Approvals. Issuance by necessary governmental authorities of all licenses, permits, authorizations and governmental approvals, satisfactory to Developer and required for lawful pursuit and completion of the North Branch Market Place Development and the grant of the East Property subsidy provided hereunder.

2.2.3 Ancillary Agreements. Agreement by the parties on all of the ancillary and/or related matters referred to in this Agreement, including but not limited to the Second New Flink Avenue Assessment Agreement and the Second Public Utility Assessment Agreement.

2.2.4 Continued Compliance. Continued compliance in all material respects with the terms and conditions of this Agreement, all Ancillary Agreements and the provisions of the City's Code of Ordinances including without limitation the Zoning Ordinances and Subdivision Ordinances in effect at the time of approval of the Final Plat except as otherwise provided in this Agreement.

2.2.5 Truth of Representations. Each of the warranties and representations made by the respective parties hereto shall be true and accurate in all material respects on the date of this Agreement and continuing thereafter.

ARTICLE THREE **REPRESENTATIONS AND UNDERTAKINGS**

3. The Developer and the City hereby respectively represent covenant, warrant and undertake the following intending that each rely thereon:

3.1 By the Developer. The Developer makes the following representations and undertakings and agrees, upon request to provide the City with such certificates or other documents as shall be reasonably required to establish the truth of each such representation or undertaking:

3.1.1 Fee Owner. The Developer is the fee owner of all of the Development Property free and clear of all encumbrances except the encumbrances identified on Exhibit E attached hereto and incorporated herein (the "Permitted Encumbrances") and other than as shown on said Exhibit E, the Developer has made no agreements with prior owners of the Development Property or any other third party which would materially affect the Developer's ability to enter into or perform all of the terms and conditions of this Agreement or which would limit or otherwise effect the City's performance hereunder. None of the Permitted Encumbrances prohibit or in any way materially affect Developer's ability to enter into and perform its obligations under this Agreement. Without limiting the generality of the foregoing, the Developer warrants that upon the City's completion of the process to vacate a portion of Existing Flink Avenue, Developer will be the fee owner of the Vacated Flink Avenue free and clear of all encumbrances except Permitted Encumbrances and for all purposes under this Agreement, the Development Property shall include Vacated Flink Avenue.

3.1.2 Title Evidence. Prior to commencement of construction of the Public Improvements, Developer will present to the City a commitment (the "Commitment") for the policy of owners title insurance required by Paragraph 9.6 of this Agreement, showing that the Developer owns the property to be dedicated to the City including all easements, free and clear of all encumbrances except the Permitted Encumbrances. The Developer will also provide the City with title commitments, or title policies, title opinions or other title evidence, sufficient in the reasonable opinion of the City to establish that Developer owns the Development Property, including, without limitation, Vacated Flink Avenue and the land upon which the Public Improvements are to be constructed, in fee simple, that there are no liens, encumbrances or other restrictions on such property except the Permitted Encumbrances. The documents and evidence required hereunder shall be subject to the City's reasonable satisfaction therewith and approval thereof.

3.1.3 Authority. The Developer has the legal authority and power to enter into this Agreement and all agreements ancillary hereto, including, without limitation, the Ancillary Agreements.

3.1.4 Good Standing and Organizational Action. Developer is a limited liability company formed and in good standing under the laws of the State of Minnesota. All necessary action, corporate or otherwise, has been taken so as to approve this Agreement and the transactions contemplated hereunder and so as to authorize execution of such instruments by the officer or officers signing this Agreement and all Ancillary Agreements.

3.1.5 Financial Condition. Prior to the construction of the Public Improvements, the Developer will provide the City with written evidence reasonably satisfactory to the City establishing that the Developer has the financing necessary to construct the Public Improvements, to supply the Security required hereunder and to otherwise comply with the financial obligations of this Agreement and the Ancillary Agreement(s), including without limitation the Second New Flink Avenue Assessment Agreement and the Second Public Utility Assessment Agreement.

3.1.6 Construction. The Developer will construct or cause the construction of the Public Improvements in accordance with the terms of this Agreement, the Public Improvement Plans and all local, state and federal regulations, including, without limitation, the Code.

3.1.7 Permitted Uses. The North Branch Market Place Development will, subject to issuance of City approvals as herein contemplated, be comprised of uses permitted under the Code.

3.1.8 Compliance and Environmental. At such time or times as may be required by law, the Developer will, in connection with the North Branch Market Place Development, have complied and will have caused its contractors to comply with all local, state and federal environmental laws and regulations, will have clearances under, and will be in compliance with the requirements of the National Environmental Policy Act of 1969, the Minnesota Environmental Policy Act and the Critical Area Act of 1973, as amended. The Developer has not received notice or communication from any local, state and federal official indicating that the activities of the Developer may be or will be in violation of any environmental law or regulation. The Developer is not aware of any facts the existence of which would cause the Developer to be in violation of any local, state or federal environmental law, regulation or review procedure or which would give any person a valid claim under the Minnesota Environmental Rights Act. The Developer has completed an Environmental Assessment Worksheet as required with respect to the Development Property. The Developer further warrants, to the best of its knowledge based solely on that certain Environmental Assessment Report by Westwood Professional Services, Inc., dated July 20, 2005 (the "Environmental Assessment Report") that no toxic or hazardous substances or wastes, pollutants or contaminants including without limitation, asbestos, urea formaldehyde, the group of organic compounds known as polychlorinated biphenyls, petroleum products and any hazardous substances as defined in CERCLA, 42 U.S.C.S. 9601-9657, as amended, have been generated, treated, stored, released or disposed of, or otherwise placed, deposited in or located on the Development Property. To the best of Developer's knowledge (based solely on the Environmental Assessment Report), there are no substances or conditions in or on the Development Property that may support a claim or cause of action under any state, federal or local environmental statute, regulation, ordinance or other environmental regulatory requirements. No above ground or underground tanks are located in or on the Development Property or have been located under, in or on the Development Property and subsequently have been removed or filled.

3.1.9 Licenses and Permits. The Developer will request and, in a timely manner, apply for all permits, licenses and approvals known by Developer to be required for the North Branch Market Place Development and will meet, in a timely manner, all requirements of all local, state and federal laws and regulations which must be obtained or met before the Public Improvements may be constructed.

3.1.10 Signs. Any signs erected upon the Development Property shall comply with all regulations of the City relating to signage. The Developer, at its cost, will pay for proper safety signs installed on the Development Property, as required by Minnesota law which safety signs will be placed at the discretion of the City at locations determined by the City. All informational signing shall be placed and maintained by the Developer.

3.1.11 Financing. Developer has obtained financing for the construction of the North Branch Market Place Development. If for any reason all or part of such financing should become unavailable, Developer agrees to attempt to obtain sufficient alternate financing for the construction of the Public Improvements; and Developer will, in any event, complete the Public Improvements according to the terms of this Agreement whether or not such alternate financing is obtained.

3.1.12 Covenants, Easements and Recording of Agreement. Prior to the commencement of construction of the Public Improvements, and as a condition to the City's issuance of a building permit or notice to proceed with respect to such construction, Developer shall have provided the City and its attorney with copies of any proposed Restrictive Covenants, any proposed articles and/or bylaws of the owner's association (the "Association") to be created by the Developer and binding upon the owners of lots within the Subdivision (the "Association Documents"), any proposed easements for shared parking, ingress and the like (the "Private Easements") and related documents relating to the use of the Development Property or portions thereof and Developer shall have received approval of all such Association Documents from the City. Without limiting any other provisions of this Agreement, the Restrictive Covenants shall include and describe the obligations of the owners of parcels of the Development Property and/or a duly formed association of such owners regarding continued compliance with this Agreement, the ownership of any commonly owned property, the repair and/or maintenance of such commonly owned or maintained property, certain snow removal obligations and the indemnification of the City from claims for damages or personal injury resulting from the variations in lot size, set backs and other City requirements as allowed by this Agreement. The Association Documents in the form approved by the City shall be in recordable form as a separate document and shall also be identified in Schedule 3.1.12 to this Agreement. The Restrictive Covenants shall run with the lots in the Subdivision, and bind successors and assigns of all or any part thereof. Without limiting the foregoing, the City has reviewed and hereby approves the Declaration of Easements, Restrictions and Covenants in the form currently attached hereto as Schedule 3.1.12.

3.1.13 Public Improvement Plans and City Costs. Prior to commencing construction of the Public Improvements the Developer shall submit to the City in a timely manner, the proposed Public Improvement Plans identifying the scope of the Public Improvements to be constructed by the Developer pursuant to this Agreement. A list of proposed general and sub-contractors performing work on or with respect to the Public Improvements shall be furnished to the City. The City has incurred and/or will incur out-of-pocket, legal, engineering, building inspection and other costs in connection with the Public Improvements, the administration and enforcement of this Agreement and the field inspection and staking personnel during construction of the Public Improvements by the City's Engineer in order to assure an acceptable level of quality control and to certify

that the construction work meets the approved City standards as a condition of the City's acceptance of such Public Improvements (hereinafter, all of the City's reasonable, actual and verifiable out-of-pocket costs as described in this sentence shall be referred to herein as the "City Costs"). The City Costs, including the cost for said inspection, shall be borne by the Developer. In addition, the City may schedule a pre-construction conference at a mutually agreeable time at the City Council chambers with all parties concerned, including City Staff, to review the program for the construction of the Public Improvements. Construction of the Public Improvements shall not commence until both parties have given their approval and the City and the City's Engineer has issued a Notice to Proceed and building permit to the Developer. City Costs shall be documented to and initially paid by the City with such documentation being sent to the Developer by United States mail for reimbursement to the City by the Developer pursuant to this Agreement. The documentation will contain a detailed summary of all the City Costs for which the City is seeking reimbursement from the Developer. Developer shall reimburse the City for such City Costs within thirty (30) days of receipt of such documentation. Payment of any such City Costs by the Developer hereunder shall be deemed to be acceptance by the Developer of both the reasonableness of such City Costs and the City's entitlement to reimbursement thereof. Accordingly, as to any such sums paid by the Developer the Developer hereby waives any right to challenge either the amount or the City's entitlement to the reimbursement of such City Costs. Upon a default hereunder and in any event from and after the issuance of the Certificate of Completion hereunder, the Developer transfers and assigns to the City (to the extent possible under applicable law and the contracts with Developer's contractors and engineers) any claim which the Developer may have against Developer's engineer, surveyor or other third party consultant or other professionals employed or retained by the Developer for the design, inspection or other services performed in connection with the Public Improvements and the Developer hereby agrees that the City is a third party beneficiary of Developer's agreements with such engineer or other professional with respect to this Agreement.

3.1.14 Security. As security for payment of the costs of constructing the Public Improvements, and the City Costs described above, the Developer's compliance with this Agreement and for any liquidated damages payable to the City pursuant to Paragraph 4.3.4 of this Agreement, the Developer shall furnish the City with a letter of credit (the "Letter of Credit") substantially in the form of Exhibit F attached hereto or cash (or combination thereof) acceptable to the City in its sole discretion (the "Security") in an amount equal to one hundred twenty-five percent (125%) of the estimated costs of construction of the Public Improvements plus City estimates of the City Costs (the "Security Amount") and compliance with this Agreement as determined by the Developer and approved by the City. Such Security Amount in a form acceptable to the City, in its sole discretion, shall be provided to the City on or before the actual Commencement Date. The Security shall name the City as the obligee or primary beneficiary of

the amount reflected by such instrument. The determination and breakdown of the estimated costs of the construction of the Public Improvements and compliance with this Agreement is set forth below, however, adjustments up or down will be made as Developer receives and accepts bids for such work in amounts approved by the City:

Site Grading:	<u>\$13,956.00</u>
Sanitary Sewer:	<u>\$181,704.00</u>
Water Main:	<u>\$164,252.00</u>
Storm Sewer:	<u>\$143,876.00</u>
TOTAL:	<u>\$503,788.00</u>

Security Amount (Above Total x 125%):	<u>\$629,735.00</u>
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Notwithstanding the foregoing in consideration of Developer's construction activities with respect to the Public Improvements being delayed by winter conditions, the City is reasonably satisfied with the written evidence provided by Developer's lender, Associated Bank, pursuant to Section 3.1.5 above, and therefore, the City will allow the Developer to provide an initial Letter of Credit (the "Initial Security") in the amount of ½ of the Security Amount (the "Initial Security Amount") at the time of execution of this Agreement under the following conditions:

(a) Notwithstanding Section 9.7 hereof, the Initial Security Amount will not be reduced until a second Letter of Credit (the "Final Security") in an amount equal to the Security Amount less the value of the Public Improvement work completed as of the date thereof and as determined by the City Engineer, is provided to the City; and

(b) The Second New Flink Assessment Agreement required by this Agreement will include, in addition to the Public Utilities Cost identified therein, an amount equal to \$786,000.00 (the "Additional Assessment Amount") representing the City's estimate of the cost, over and above the Initial Security Amount which the City could be forced to expend to complete construction of the Public Improvements and further providing that the Additional Assessment Amount may be levied as a special assessment (the "Additional Assessment") against the parcels identified in and in the same percentages specified in the Second Public Utilities Assessment Agreement at such time as the City has completed the construction of the Public Improvements. The City will agree to release such properties from the potential Additional Assessment upon the Developer's providing the Final Security to the City.

Nothing in this Section 3.1.14 will be construed as imposing any obligation on the City to complete the Public Improvements. The City will provide the Developer at least sixty (60) days notice before commencing construction of the Public Improvements, and the City will not commence said construction if the Developer does so within said sixty (60) day period.

3.1.15 Additional Payments. Without in any way limiting any continuing payment obligations contained in this Agreement, upon execution hereof by the Developer, the Developer shall pay to the City and the City by executing and delivering this Agreement acknowledges receipt from the Developer of the City Costs billed to the Developer as of the date hereof, exclusive of any City Costs incurred by the City but not yet billed to the Developer. City Trunk Sewer and Water, erosion control charges (if any) (the "Trunk Charges") will as to each Lot within the Subdivision be required to be paid at the time of issuance of the first building permit issued for such Lot, the Trunk Charges for Outlot E will be required to be paid at the time of issuance of a building permit for Lot 2, Block 2 and Trunk Charges for Outlot D will be required to be paid at the time of the issuance of the first building permit on the Development property pursuant to applicable City ordinances and procedures. Notwithstanding the foregoing, if the Developer conveys either or both of Outlots A and F to the City and the City accepts such conveyance, the Developer shall not be required to pay any Trunk Charges with respect to the lot or lots so conveyed and accepted. Trunk Charges will not be payable with respect to Outlots B and C which are not created for development purposes. The Developer will pay Trunk Charges in accordance with the City's policy adopted on May 14, 2001 and in the amounts in place as of the date of issuance the building permit requiring such Trunk Charge. The current rates for the Trunk Charges are: \$6,748/acre for sewer and \$19,215/acre for water and both are calculated to the nearest 1/100th of an acre and which as to building permits issued for the Lots in 2008 and subsequent years shall be calculated using rates then in effect. City WAC/SAC fees shall be paid when and in the amounts required by the City's ordinances and policies for commercial development within the City. Without limiting the foregoing, WAC/SAC fees shall initially be calculated and paid at the time of issuance of a building shell permit for the construction of a multi-user building based on City estimates of the appropriate WAC/SAC amount and thereafter, at the time of issuance of a building permit for the specific space subject to the build out the actual WAC/SAC for such space any additional amounts required after such calculations shall be paid as a condition of receiving the permit for such build out. The rates charged will be calculated and applied pursuant to the City's ordinances and policies at the time of such building permit issuance and, if the use changes in the future the WAC/SAC fees may be recalculated and any increase in such fees imposed at that time.

3.1.15.1 Oversizing Reimbursement. The City will reimburse the Developer an amount reflecting the actual and verifiable cost of the Water Oversizing and the Storm Sewer Oversizing (as defined herein) constructed by the Developer as part of its construction of the Public Improvements, which as of the date of this Agreement is estimated to be \$162,746.00. The amount of such reimbursement will be determined by the City Engineer and will consist of her reasonable determination of the actual, verifiable and reasonable cost to the Developer with respect to the Water Oversizing and Storm Sewer Oversizing portions of said Public Improvements. The City will reimburse the amount calculated in the foregoing manner to the Developer within thirty (30) days of the City's receipt of a lien waiver from Developer's contractor evidencing completion of the installation of the Water Oversizing and Storm Sewer Oversizing.

3.1.16 City Inspectors. Prior to the issuance of any City permits for the construction of the Public Improvements the City shall be entitled to review and the issuance of any such permits are subject to the City's reasonable approval of the Public Improvement Plans. Such review shall be conducted by the City's building inspector, the City Engineer and/or the City Attorney as determined to be appropriate by the City. During the construction of the Public Improvements, the Developer shall be responsible for having a City-designated inspector or inspectors on site to assure compliance with City construction specifications. Such inspection shall be performed by the City Engineer or any inspector or inspectors designated by the City who shall inspect the site at such times as deemed reasonably necessary and in accordance with custom and practice by the City. Pursuant to Paragraph 3.1.13 and as part of the City Costs defined herein, the cost for said inspectors, at the normal rates charged to the City, shall be borne by the Developer. The cost for the City Engineer shall be billed at the rate as set forth in the City's schedule of charges and fees. Such City Costs shall be documented to and initially paid by the City with such documentation being sent to the Developer by United States mail for reimbursement to the City by the Developer pursuant to this Agreement and shall otherwise be paid in accordance with Paragraph 3.1.13.

3.1.17 Clean Up and Topsoil Replacement. The Developer shall not bury trees, stumps, garbage, construction debris or material on the Development Property and shall clean up the Development Property to a condition reasonably acceptable to the City. Where topsoil is removed from any portion of the Development Property, the Developer shall set such topsoil aside and use such topsoil to a depth of at least two and one-half inches (2½") in areas within the North Branch Market Place Development which are to be seeded or sodded. All areas to be dedicated to the City which are to be sodded or seeded pursuant to this Agreement must be covered with at least four inches (4") of good quality topsoil before such sod or seed is laid or planted thereon.

3.1.18 Assessment. Unless Developer pays such amount in full prior thereto, each of the New Flink Avenue, Additional Assessment (if levied) and the Public Utility Assessment shall, pursuant to the Second New Flink Avenue Assessment Agreement and the Second Public Utility Assessment Agreement be levied against the agreed upon portions of the Development Property with each to be payable over a period of fifteen (15) years and with interest at a rate equal to 1% over the rate of interest on the bonds issued by the City for each project. Accordingly, the Developer for itself and its successors and assigns hereby agrees to the levy of each of the New Flink Avenue Assessment, Additional Assessment (if levied) and the Public Utility Assessment against the agreed upon portions of the Development Property (allocated as set forth in Section 1.10) and hereby agrees, as a condition to any approval to proceed, to execute and deliver to the City the Second New Flink Avenue Assessment and the Second Public Utility Assessment Agreement both attached hereto pursuant to which Developer waives any right to object to the levy of each such assessment (in an amount equal to or less than the Assessment Amount), the amount of each such assessment, the manner of its respective adoption by the City and Developer's right to appeal from each such assessment.

3.1.19 Additional Easements. Within the time frames set forth in the following subparagraphs, the Developer will deliver to the City the following easements:

3.1.19.1 If the final plat is not recorded at the same time as the recording of this Agreement, Developer will deliver a Temporary Construction Easement to the City (in form attached hereto as Exhibit J), allowing the City to enter the Development Property for the construction of New Flink Avenue prior to the time that the underlying right of way for New Flink Avenue is dedicated (when the Final Plat is recorded); and

3.1.19.2 Upon the delivery of this Agreement, the Developer will deliver a Trail Easement on New Flink Avenue and State Aid Highway 95 in form attached hereto as Exhibit K; and

3.1.19.3 Prior to commencement of construction of the State Aid Highway 95 bridge improvements and related highway improvements (as generally identified on Exhibit L hereto) by the City or Minnesota Department of Transportation ("MnDOT"), Developer will deliver a Temporary Construction Easement to the City and MnDOT at such locations and subject to the last sentence of this subparagraph 3.1.19.3, of a scope reasonably determined by the City and MnDOT. The City will give Developer at least ninety (90) days written notice prior to

commencement of said construction, which notice will include any and all information (including, without limitation, the legal description) to be contained in said easement.

Developer and City agree that the easements identified herein will contain language that includes, without limitation, grantee's obligation not to unreasonably interfere with any improvements on the Development Property.

3.2 By the City. The City makes the following representations and undertakings and agrees, upon request to provide the Developer with such certificates or other documents as shall be reasonably requested to establish the truth of each representation or undertaking:

3.2.1 Authorization. The City is authorized by law to enter into this Agreement and to carry out its obligations hereunder.

3.2.2 Due Approval. This Agreement has been duly approved by the City Council of the City and the execution and delivery of this Agreement has been authorized by such City Council.

3.2.3 Cooperation. The City will, in a timely manner, subject to all notification requirements, review and act upon all submittals and applications of the Developer and will cooperate with the efforts of the Developer to secure the granting of any permit, license, conditional use permit or other approval required to allow the North Branch Market Place Development and the construction of the Public Improvements; provided, however, that nothing contained in this paragraph shall be construed to limit in any way the reasonable and legitimate exercise of the City's discretion in considering any submittal or application.

3.2.4 Administrator Discretion. The City Administrator is hereby given the authority, in his or her reasonable discretion, to agree to modify any time limits provided herein in order to assist the Developer in moving forward with the transactions contemplated hereunder in a reasonable and expeditious manner. Further, as provided in this Agreement, upon the recommendation of the City Engineer and so long as the Developer is not otherwise in default hereunder, the City Administrator will consent to the reduction of Developer's Security hereunder.

3.2.5 Existing Flink Avenue Vacation. Vacate Existing Flink Avenue pursuant to paragraph 1.8 hereof.

ARTICLE FOUR
CONSTRUCTION OF IMPROVEMENTS

4. The Public Improvements and the Private Infrastructure Improvements shall be constructed in accordance with the following:

4.1 Standard of Construction. The Developer agrees that it will construct the Public Improvements on the Development Property in a good and workmanlike manner in accordance with: (a) the Public Improvement Plans; (b) to the extent not included as part of the Public Improvement Plans, the Exhibits and Schedules to this Agreement including the Exhibits and Schedules incorporated herein by previous references; and (c) the following additional Exhibits to the extent consistent with and not previously incorporated in this Agreement all of which are hereby attached to or referenced and incorporated in this Agreement:

<u>Title</u>	<u>Prepared By</u>	<u>Date</u>
• Construction Drawings For Site Grading, Paving, Utilities, Landscaping And SWPPP for North Branch Market Place	Westwood Professional Services	November 1, 2007, Subject to minor revisions approved by the City Engineer
• Final Plat NB Market Place	Westwood Professional Services	Approved July 9, 2007 Non-substantial modifications on November 21, 2007

The Developer agrees to operate, maintain, preserve and keep the Public Improvements in good repair and condition until such time as they are accepted by the City. The City and the Developer acknowledge that no permits for the construction of Public Improvements or Private Improvements on or serving the Development Property will be issued until the City has received and approved of the Public Improvement Plans. Such approval will be evidenced by the Developer and City Staff initialing the final approved Public Improvement Plans.

4.2 Plan-Conformity. No City building or other permit shall be issued unless the Building Plans are in conformity with the Public Improvement Plans, this Agreement and all other local, state and federal regulations. The City shall as soon as reasonably possible after receipt of the Building Plans review such plans to determine whether the foregoing requirements have been met. If the City determines, such plans to be deficient, it shall notify the Developer in writing within fifteen (15) business days stating the deficiencies and the steps necessary for correction. The City agrees that the City's zoning ordinances shall be adjusted to permit the use, construction and development of the Development Property contemplated by this Agreement and the attached schedules and

exhibits, to the extent that the City's zoning ordinance permits or makes provisions for such adjustment.

4.3 Commencement and Completion of Construction. The City and the Developer respectively agree that the construction of the Public Improvements shall be commenced and completed as follows:

4.3.1 Public Improvements. Subject to Unavoidable Delays as hereinafter defined, the Developer shall cause the construction of the Public Improvements to be commenced by April 15, 2008 and shall cause the construction of the Public Improvements to be substantially completed by July 15, 2008.

4.3.2 Unavoidable Delays. "Unavoidable Delays" means delays outside the control of the party claiming its occurrence, including, without limitation, delays which are the results of default hereunder by the other party, the unscheduled delay by the other party hereunder in the performance of its covenants and obligations hereunder, strikes, other labor troubles, war, acts of terrorism, severe or prolonged bad weather, acts of God, fire or other casualty to the Public Improvements, litigation commenced by third parties which by injunction or other similar judicial action or by the exercise of reasonable discretion, results in delays, or acts of any federal, state or local governmental unit which result in delays, unavailability of materials or other causes beyond the reasonable control of the Party claiming an unavoidable delay. Time lost as a result of Unavoidable Delays shall be added to extend the dates set forth in Paragraphs 4.3.1 above.

4.3.3 Liquidated Damages. In the event that the construction of the Public Improvements is not substantially completed on or before the date stated in Paragraph 4.3.1 above for such substantial completion, subject to extension for any Unavoidable Delays in substantially completing such construction, as defined in Paragraph 4.3.2 above, the City shall be entitled to assess against the Developer, as liquidated damages, for such failure, an amount equal to one tenth percent (.1%) of the Security for each day that such substantial completion extends beyond such substantial completion date, as it may be so extended. Both the City and the Developer agree that (i) damages resulting from any such delay would be difficult or impossible to calculate and therefore liquidated damages as set forth hereunder are reasonable and necessary; and (ii) payment of said liquidated damages shall be secured by the Security being granted to the City pursuant to Paragraph 3.1.14 of this Agreement, and/or any substitute security granted to the City pursuant thereto. Without limiting the foregoing, the City will give written notice of such failure to commence or complete and if within ninety (90) days after the giving of such notice, the Developer has not cured such failure or failures, then the Developer shall be deemed to be in default hereunder and the City shall be entitled to collect that portion of the Security required to complete

the construction of unpaid Public Improvements and payment of any liquidated damage amounts and all of the City Costs in collecting the Security and/or completed construction of the Public Improvements, including the City's attorney, engineering, staff and other professional fees (the "Assessment Amounts") against the Security. If any portion of the Security remains after all such Assessment Amounts collected against the Security by the City have been completed and all other provisions of this Agreement have been complied with, including, the expiration of any warranty periods granted hereunder, such amounts shall be returned to the Developer or such third party as directed by the Developer. If the Security is insufficient to pay for all such Assessment Amounts, or to leave such amount of the Security available during the warranty period and thereafter as required by this Agreement, the Developer shall be obligated to the City for such deficiency. Notwithstanding the foregoing, the City shall be entitled to any other remedy available to it at law or in equity, except the City shall have no claim for consequential, exemplary or lost profit damages.

4.4 Certificate of Completion. Promptly after notification by the Developer of completion of construction of the Public Improvements or portions thereof, the City shall inspect the construction to determine whether the North Branch Market Place Development has been completed in accordance with the terms of this Agreement (including the date of completion thereof). In the event that the City is satisfied that the construction was completed in accordance with this Agreement, including, without limitation, the Public Improvement Plans the City will, at the request of the Developer, and within twenty (20) days after Developer's request, furnish the Developer with a certificate of completion in the form of Exhibit E attached hereto and incorporated herein (the "Certificate of Completion"). The Certificate of Completion shall be a conclusive determination of satisfaction and termination of the agreements and covenants in this Agreement with respect to the obligations of the Developer to build the Public Improvements. The Certificate of Completion provided for in this Paragraph 4.4 shall be in recordable form. If the City shall refuse or fail to provide a Certificate of Completion in accordance with the provisions of this Paragraph 4.4, the City shall within fifteen (15) days of such notification, provide Developer with a written statement, indicating in adequate detail and what respects the Developer has failed to complete the construction of the Public Improvements in accordance with the provisions of this Agreement, or is otherwise in default, and what measures or acts will be necessary, in the opinion of the City, for the Developer to take or perform in order to obtain a Certificate of Completion.

4.5 Assignment of Developer's Claims. Notwithstanding any other provision of this Agreement upon default and, in any event, upon the issuance of the Certificate of Completion hereunder, the Developer does hereby transfer and assign to the City (to the extent possible under applicable law and the contracts with Developer's contractors and engineers) any claim which it may have against any contractor or subcontractor employed by Developer to construct the Public Improvements. The Developer further agrees that to the extent possible under applicable law, the City is a third party beneficiary of its

agreements with any contractor or subcontractor employed by the Developer for construction services performed in connection with the Public Improvements.

ARTICLE FIVE INSURANCE

5. The Developer will provide and maintain or cause to be maintained at all times during the process of constructing the Public Improvements and, from time to time at the request of the City, furnish the City with proof of payment of premiums on:

5.1 Risk Insurance. Builder's risk insurance, written on the so-called "Builder's Risk -- Completed Value Basis", in an amount equal to one hundred percent (100%) of the insurable value of the Public Improvements at the date of completion, and with coverage available in non-reporting form on the so-called "all risk" form of policy; the interest of the City shall be protected as an additional insured in accordance with a clause in form and content satisfactory to the City;

5.2 Liability Insurance. Commercial general liability insurance including public liability insurance shall be carried by the Developer and all contractors performing work on the Public Improvements. The Developer and all such contractors shall name the City as an additional insured on each policy with the limits for bodily injury or death not being less One Million and no/100ths (\$1,000,000.00) Dollars for each occurrence and with an aggregate limit of not less than One Million and no/100ths (\$1,000,000.00) Dollars; and

5.3 Workers Compensation Insurance. Workers compensation insurance, with statutory coverage as required by Minnesota law including employer's liability coverage of not less than Five Hundred and no/100ths (\$500,000.00) Dollars.

5.4 Policies of Insurance. All insurance required by this Article Five shall be taken out and maintained in responsible insurance companies selected by the Developer which are authorized under the laws of the State of Minnesota to assume the risk covered thereby. The Developer will deposit annually with the City copies of policies evidencing all such insurance, or a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect. Unless otherwise provided in this Article Five, each policy shall contain a provision that the insurer shall not cancel or modify without giving written notice to the Developer and the City at least thirty (30) days before the cancellation or modification becomes effective. Not less than fifteen (15) days prior to the expiration of any policy, the Developer shall furnish the City evidence satisfactory to the City that the Policy has been renewed or replaced by another policy conforming to the provisions of this Article Five, or that there is no necessity therefore under the terms of this Agreement. In lieu of separate policies, the Developer may maintain a single policy or blanket or umbrella policies, or a combination thereof, which provide the total coverage required herein, in which event the Developer shall deposit with the City a

certificate or certificates of the respective insurers as to the amounts of coverage in force upon the Public Improvements and Private Infrastructure Improvements.

5.5 Application of Proceeds. The Developer agrees to notify the City immediately in the case of damage exceeding Twenty-five Thousand and no/100ths (\$25,000.00) Dollars in an amount to or destruction of the Public Improvements or any portion thereof resulting from fire or other casualty. The Developer shall in a reasonably expedient manner repair, reconstruct or restore the Public Improvements to substantially the same or an improved condition or value as existed prior to the event causing such damage and to the extent necessary to accomplish such repair, reconstruction and restoration, the Developer will apply the proceeds of any insurance relating to such damage received by the Developer to the payment or reimbursement of the cost thereof. The Developer shall complete the repair, reconstruction and restoration of the Public Improvements, whether or not the proceeds of insurance received by the Developer for such purposes are sufficient.

ARTICLE SIX **FINANCING**

6. The following provisions shall govern the Developer's financing of the North Branch Market Place Development and ability to encumber the Development Property contemplated by this Agreement:

6.1 Evidence of Financing. Prior to and as a condition to the receipt of the building permit or notice to proceed with construction of the Public Improvements, the Developer shall submit to the City evidence of a commitment for mortgage or other financing sufficient for construction of the Public Improvements, and written evidence that the Lender acknowledges that this Agreement will be recorded prior to the Mortgage, and therefore, remain in full force and effect if the security interest evidenced by the Mortgage is foreclosed. If the City finds, in its reasonable discretion, that the mortgage or other financing is sufficiently committed, contains the terms and conditions required by this Agreement and is adequate in amount to provide for the construction of the Public Improvements, then the City shall notify the Developer in writing of its approval. The failure of the City to notify the Developer within five (5) days of receipt of evidence by the City shall be deemed acceptance by the City of adequacy of the commitment. If the City rejects the evidence of mortgage or other financing as inadequate, the Developer shall have fourteen (14) days from the date of such notification to submit evidence of financing satisfactory to the City. If the Developer fails to submit such evidence, any party may terminate this Agreement whereupon all parties shall be released from any further obligation or liability hereunder.

6.2 Limitation on Encumbrances. Prior to the issuance of a Certificate of Completion, neither the Developer nor any successor in interest to the Public portion of the Development Property or any part thereof shall engage in any financial or any other transaction creating any mortgage or other encumbrance or lien upon or affecting the

Public portion of the Development Property, whether by express agreement or operation of law, or suffer any encumbrances or liens to attach to the Development Property except a Permitted Encumbrance without the prior written approval of the City.

6.3 Notice of Default. Whenever the City shall deliver any notice or demand to the Developer with respect to any breach or default by the Developer in its obligations or covenants under this Agreement, the City shall at the same time forward a copy of such notice or demand to each holder of any mortgage authorized by this Agreement (hereinafter each a "Mortgagee") at the last address of such Mortgagee shown in the records of the City.

6.4 Mortgagee's Option to Cure. After any breach or default referred to in Paragraph 8.1 hereof, each Mortgagee shall (insofar as the rights of the City are concerned) have the right, at its option, to cure or remedy such breach or default (or such breach or default to the extent that it relates to the part of the Development Property covered by its mortgage); provided however that if the breach or default is with respect to construction of the Public Improvements, nothing contained in this Paragraph 6.4 or any other section of this Agreement shall be deemed to permit or authorize such Mortgagee, either before or after foreclosure or action in lieu thereof, to undertake or continue the construction of the Public Improvements or completion of North Branch Market Place Development beyond the extent necessary to conserve or protect Public Improvements or construction to the City except by written agreement, to complete, in the manner provided in this Agreement, the Public Improvements or the part thereof to which the lien or title of such Mortgagee relates. Any such Mortgagee who promptly completes the North Branch Market Place Development or applicable part thereof shall be entitled, upon written request made to the City, to a Certificate of Completion by the City to such effect in the manner provided in Paragraph 4.4 of this Agreement, and any such Certificate of Completion shall, if so requested by such Mortgagee, mean and provide that any remedies or rights that the City shall have or be entitled to because of failure of the Developer or any successor in interest to the Development Property, or any part thereof, to cure or remedy any default with respect to the construction of the Public Improvements on other parts or parcels of the Development Property, or because of any other default in or breach of the Agreement by the Developer or such successor, shall not apply to the part or parcel of the Development Property to which such Certificate of Completion relates.

6.5 City's Option to Cure. In the event that a Mortgagee authorized pursuant to this Article Six sends a notice of default to the Developer, the Developer will use its best efforts to obligate the Mortgagee to notify the City in writing of: (a) the fact of the default; (b) the elements of the default; and (c) the actions required to cure the default.

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ARTICLE SEVEN
TAX ABATEMENT AND BUSINESS SUBSIDY

7. The following provisions identify the tax abatement business subsidy to be provided hereunder and the limitations therein:

7.1 West Property Tax Abatement.

7.1.1 Payment of Tax Abatement Amount. The City and the Developer hereby agree that for a period not to exceed eight (8) years commencing with the first year which taxes paid by the Developer reflects an increase in such taxes over the West Property Base Year as a result of the North Branch Market Place Development on the West Property, the West Property Tax Abatement Amount for such property, as herein defined, to be abated by the City as herein provided, shall be assigned and payable to the Developer, to a maximum amount of \$272,500.00 Dollars provided however, that the maximum amount of Tax Abatement which the Developer can receive in any one calendar year shall be One Hundred Thousand (\$100,000.00) Dollars. Any portion of the Tax Abatement Amount for the West Property not payable to the Developer shall be retained by the City. The Developer and the City further agree that the abatement of taxes granted pursuant to this Agreement shall terminate at the end of said eight (8) year period or upon receipt of the maximum amount, whichever first occurs. Finally, the Developer and the City agree that no abatement of taxes attributable to Chisago County or the School District within which the West Property is located is granted or implied by this Agreement. Assuming Developer pays real estate taxes on the West Property as and when required, payment of the Tax Abatement Amount shall be made on August 1 and December 31 of each year, during the period described in this Section 7.1.1.

7.1.2 Limitations on Undertakings of the City. Notwithstanding the provisions of Section 7.1.1, the City shall not have any obligation to the Developer under this Agreement, if the City, at the time or times such obligation is required, is entitled under Article Ten to exercise any of the remedies set forth therein as a result of an Event of Default which has not been cured.

7.2 East Property Tax Abatement.

7.2.1 Payment of Tax Abatement Amount. The City and the Developer hereby agree that for a period not to exceed five (5) years commencing with the taxes paid by the Developer in 2010, the East Property Tax Abatement Amount for the East Property, as herein defined, to be abated by the City as herein provided, shall be assigned and payable to the Developer, to a maximum amount of \$300,000.00 Dollars. Any portion of the Tax Abatement Amount for the East Property not payable to the Developer shall be retained by the City. The Developer and the City further agree that the abatement of taxes granted pursuant

to this Agreement shall terminate at the end of said five (5) year period or upon receipt of the maximum amount, whichever first occurs. Finally, the Developer and the City agree that no abatement of taxes attributable to Chisago County or the School District within which the East Property is located is granted or implied by this Agreement. Assuming Developer pays real estate taxes on the East Property as and when required, payment of the Tax Abatement Amount shall be made on August 1 and December 31 of each year, during the period described in this Section 7.2.1.

7.2.2 Reduction in Tax Abatement Amount. The Developer acknowledges and agrees that if the Approved Assessment (as defined in the Second New Flink Avenue Assessment Agreement) is less than \$1,500,000.00, the East Property Tax Abatement Amount will be reduced by $\frac{1}{2}$ of the difference between \$1,500,000.00 and the Approved Assessment.

7.2.3 Limitations on Undertakings of the City. Notwithstanding the provisions of Sections 7.2.1 and 7.2.2, the City shall not have any obligation to the Developer under this Agreement, if the City, at the time or times such obligation is required, is entitled under Article Ten to exercise any of the remedies set forth therein as a result of an Event of Default which has not been cured.

7.3 West Property Business Subsidy. The Developer acknowledges and agrees that the amount of the "Business Subsidy" granted to the Developer under this Agreement with respect to the West Property is \$272,500.00. The Developer agrees that it will create the number of jobs and at wage levels as and when required by Section 7.5 of this Agreement.

7.4 East Property Business Subsidy. The Developer acknowledges and agrees that the amount of the "Business Subsidy" granted to the Developer under this Agreement with respect to the East Property is \$300,000.00. The Developer agrees that it will create the number of jobs and at wage levels as and when required by Section 7.5 of this Agreement.

7.5 Job and Wage Goals. In construction of the East Property Business Subsidy and the West Property Business Subsidy (collectively for purposes of Section 7.5 through 7.7 of this Agreement the "Subsidy") in the total amount of \$572,500.00 the Developer agrees that it will create at least the One Hundred (100) FTE Jobs at an average wage of Seven and 00/100th (\$7.00) Dollars per hour, exclusive of benefits (the "Additional Jobs Goal") in connection with the North Branch Market Place Development on the Development Property within three (3) years from the "Benefit Date" which is the date the construction of the first building on the Development Property is substantially complete. For purposes of Sections 7.6 and 7.7 of this Agreement the FTE Job Goal and the Additional Jobs Goal shall be collectively referred to as the "Jobs Goal" (so that the Jobs Goal is 296 total jobs as set forth in this Agreement, including Sections 1.11.7 and 1.11.8).

7.6 Repayment. If the Job Goals are not met, the Developer agrees to repay all or a part of the Business Subsidy received by the Developer to the City plus interest ("Interest") set at the implicit price deflator defined in Minnesota Statutes Section 275.70, Subdivision 2, accruing from and after the Benefit Date compounded semi-annually and to forfeit receipt of any unpaid portion of the Business Subsidy payable thereafter. If the Job Goals are met in part, the City may in its sole discretion require that the Developer repay a portion of the Business Subsidy plus Interest determined by multiplying the Business Subsidy by a fraction, the numerator of which is the number of jobs created at the wage levels set forth above and the denominator of which is 296 (i.e. number of jobs set forth as the Jobs Goal). The Developer agrees to continue its operations on the Development Property and to meet the goals for at least five (5) years after the Benefit Date.

7.7 Reporting. The Developer agrees to (i) report its progress on achieving the Jobs Goals to the City until the Jobs Goals are met, or the Business Subsidy is repaid, whichever occurs earlier, and (ii) include in the report the information required by Subdivision 7 of Section 116J.994 of the Business Subsidy Statute and forms developed by the Minnesota Department of Trade and Economic Development and (iii) send completed reports to the City. The Developer agrees to file the report no later than March 1 of each year commencing March 1, 2009, and within thirty (30) days after the deadline for meeting the Jobs Goals. The City agrees that if it does not receive the reports, it will mail the Developer a warning within one week of the required filing date. If within fourteen (14) days of the post marked date of the warning the reports are not made, the Developer will pay to the City a penalty of One Hundred (\$100.00) dollars for each subsequent day until the report is filed up to a maximum of One Thousand (\$1,000.00) dollars.

7.8 No Mortgagee Requirement. Notwithstanding any term or condition in this Agreement to the contrary, no mortgagee will be required to: (i) meet the Job Goals; (ii) repay the City any portion of the Business Subsidy (or Interest) if the mortgagee forecloses on all or any of the Development Property and the Job Goals have not been met; or (iii) comply with the reporting requirements in Paragraph 7.7.

ARTICLE EIGHT

EVENTS OF DEFAULT

8. The following provisions shall govern defaults and remedies for defaults under this Agreement:

8.1 Event of Default. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean, whenever it is used in this Agreement (unless the context otherwise provides), any one or more of the following events:

8.1.1 Non-Permitted Encumbrances. The filing of a mortgage, lien or other encumbrance against the Development Property, which mortgage, lien or other encumbrances does not constitute a Permitted Encumbrance under this Agreement. Notwithstanding the foregoing the filing of a mechanic's lien against all or part of the Development Property shall not constitute an Event of Default if the Developer shall either satisfy such lien or commence an action to contest such lien with twelve (12) months of such filing and thereafter obtain the release of such lien within an additional twelve (12) month period.

8.1.2 Failure to Pay. Failure by the Developer or its assigns to pay when due the payments required to be paid or secured under any provision of this Agreement, including the payment of any property taxes, special assessments, City Costs or other payment required with respect to the Development Property or any portion thereof or otherwise required by this Agreement.

8.1.3 Failure to Perform. Failure by the Developer or its assigns or the City to observe and substantially perform any covenant, condition, obligation or agreement on its part to be observed or performed hereunder, following thirty (30) days written notice to the Developer or its assigns or the City as provided in this Agreement or any Ancillary Agreement, which thirty (30) day period will be extended for no more than an additional sixty (60) days, if the Developer or its assigns or the City is working diligently to cure the Event of Default.

8.1.4 Insolvency. If the Developer or its assigns (or any of them) shall admit in writing its inability to pay its debts generally as they become due, or shall file or be involuntarily named as a debtor in a petition in bankruptcy, or shall make an assignment for the benefit of creditors, or shall consent to the appointment of a receiver of itself or of the whole or any substantial part of the Development Property and the City deems itself at risk as a result of such admission.

8.1.5 Court Order. If the Developer or its assigns (or any of them), on a petition in bankruptcy filed against it, be adjudicated a bankrupt, or a court of competent jurisdiction shall enter an order or decree appointing, without the consent of the Developer, a receiver of the Developer or of the whole or substantially all of its property, or approve a petition filed against the Developer seeking reorganization or rearrangement of the Developer under the federal bankruptcy laws, and such adjudication, order or decree shall not be vacated or set aside or stayed within sixty (60) days from the date of entry thereof.

8.2 Remedies on Default. Whenever any Event of Default occurs, the City or the Developer may, in addition to any other remedies or rights given the City or the Developer under this Agreement or available at law or in equity, including but not limited to the repayment of Business Subsidy in the manner provided herein, but only after the Developer's or the City's failure to cure within thirty (30) days of written notice of

default which notice shall be effective on the date mailed or hand delivered to the Developer or the Developer, take one or more of the following actions:

8.2.1 Suspend Performance. Suspend performance under this Agreement or any Ancillary Agreement, certificate or permit until it receives assurances from the defaulting party, deemed reasonably adequate by the non-defaulting party, that the defaulting party will cure its default and continue its performance under this Agreement.

8.2.2 Enforce Agreement. Take whatever action at law or in equity appearing necessary or desirable to the non-defaulting party to collect any payments due under this Agreement (including repayment of any business subsidy), or to enforce performance or observance of any obligation, agreement or covenant of the defaulting party under this Agreement (including but not limited to the City's collection or other enforcement against the Security); provided that any exercise by the City of its rights or remedies hereunder shall always be subject to and limited by, and shall not defeat, render invalid or limit in any way (a) the lien of any mortgage authorized by this Agreement and (b) any rights or interests provided in this Agreement for the protection of Mortgagees, provided, however, that the Development Property shall be bound by the terms and conditions of this Agreement, irrespective of the exercise of such rights by a Mortgagee.

8.2.3 Withhold Certificate or Permit. Withhold any certificate or permit required hereunder including, without limitation the Certificate of Completion.

8.2.4 Grant of License. The Developer grants the City, its agents, employees, officers and contractors a license to enter the Development Property to perform all necessary work and/or inspections deemed appropriate by the City during the installation of Public Improvements installed pursuant to this Agreement until such Public Improvements have been installed and accepted by the City and further during the construction of the Private Infrastructure Improvements on the Development Property by the Developer. This Paragraph 8.2.4 is a license for the City to act, and it shall not be necessary for the City to seek a Court order for permission to enter the land when the City does any work. The City may, in addition to its other remedies or other requirements of this Agreement, assess the cost in whole or in part under Minnesota Statutes. Nothing in this Paragraph 8.2.4 shall restrict the City's right to enter upon the Public Improvements dedicated to and accepted by the City or as granted to the City by the Developer pursuant to any easements granted to the City by this Agreement.

8.2.5 Liquidated Damages. As to a default with respect to the Construction of the Public Improvements, collection of liquidated damages subject to and in accordance with the provisions of Paragraph 4.3.3 of this Agreement.

8.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the City or the Developer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission in exercising any right or power accruing upon any Event of Default shall impair any such right or power and shall not be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. Except as required in Paragraph 4.4 in order to entitle the City or the Developer to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article Seven.

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

ARTICLE NINE **ADDITIONAL PROVISIONS**

9. The following additional provisions are hereby made a part of this Agreement:

9.1 Conflict of Interest: No Personal Liability. No member of the City Council, Planning Commission or other official or employee of the City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership or association which he or she is, directly or indirectly, interested. No such member, official or employee of the City shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Developer or successor for any obligations under the terms of this Agreement.

9.2 No Taking. The Developer agrees to each of the undertakings required hereunder including, without limitation, the Developer's undertaking to dedicate the Public Improvements to the City and the payments required to be made hereunder and the Developer further agrees that it waives any statutory or constitutional claim that any of such undertakings or payments constitutes a taking without just compensation by the City.

9.3 Non-Discrimination. The provisions of Minnesota Statutes, Section 181.59, which relates to civil rights and non-discrimination, and any affirmative action program of the City shall be considered a part of this Agreement and binding on the Developer as though fully set forth herein.

9.4 No Merger. None of the provisions of this Agreement are intended to be or shall be merged by reason of any deed transferring any interest in any part of the Development Property and any such deed shall not be deemed to affect or impair the provisions of this Agreement.

9.5 Statement As To Status. The City, upon not less than ten (10) days prior written notice by Developer, agrees to execute, acknowledge and deliver, without charge to Developer or to any person designated by Developer, a statement in writing, signed by the City Administrator or his or her designee, in recordable form certifying the extent to which this Agreement has been fully performed, the obligations hereunder fully satisfied, and any Events of Default. Such certification shall not, however, be deemed a satisfaction of the Developer's continuing obligations under this Agreement, if any. Developer acknowledges that such certification will be limited to the best knowledge of the City Administrator or his or her designee and will not be approved by or constitute legal action by the governing body of the City.

9.6 Ownership of Public Improvements. Upon completion of the work and construction required to be done by this Agreement the Public Improvements and any improvements lying within public easements shall become City property. The City will accept the dedication of any validly certified Public Improvement within thirty (30) days of the Developer's offer to dedicate the Public Improvement. The City's final acceptance of dedication is expressly conditioned on the presentation by the Developer of a policy of title insurance ("Owner's Policy") for the benefit of and approved by the City in the amount of One Hundred Fifty Thousand and no/100th (\$150,000.00) and showing that the City will, upon acceptance, own such Public Improvements in fee simple and that there are no liens, encumbrances or other restrictions on the Public Improvements unacceptable to the City in its reasonable judgment except the Permitted Encumbrances. Acceptance of any Public Improvement does not constitute a waiver by the City of the right to draw funds under the Security on account of any defect in or failure of the Public Improvement that is detected or which occurs after the acceptance of the dedication. The Public Improvements must be offered to the City in no more than three (3) dedications, with each such offer to be made in the form of Exhibit H attached hereto and incorporated herein. After acceptance of any Public Improvement, the amount, which the City is entitled to draw on the Security, will be reduced by an amount equal to one hundred percent (100%) of the estimated cost of the Public Improvement so offered as determined by the City Engineer. At the request of the Developer, the City will execute a certificate in the form of Exhibit I attached hereto and incorporated herein verifying the conditional acceptance of the Public Improvement and waiving its right to draw on the Security to the extent of such amount. If the Developer is in default under this Agreement, the Developer will have no right to such a certificate. Upon the acceptance of all of the Public Improvements an amount equal to twenty percent (20%) of the Security will be available to the City for ninety (90) days after expiration of the Warranty Period as hereinafter defined.

9.7 Reduction in Security. Subject to the limitations set forth in Section 3.1.14 hereof, upon the written request of the Developer from time to time after the execution hereof stating that portions of the Public Improvements have been duly completed in accordance with this Agreement and requesting a reduction in the Security required hereunder, the City Administrator acting with the recommendation of the City engineer, will consent to such reduction of the security by an amount equal to one hundred percent (100%) of the cost of that portion of the Public Improvements completed as certified by the City's Engineer, but not more than one hundred percent (100%) of the amount provided in Paragraph 3.1.14 hereof for such portion of the Public Improvements. The City Administrator's consent to such reduction in the Security shall not constitute acceptance of any of such Public Improvements.

9.8 Warranty. The Developer warrants all Public Improvement work required to be performed by it against poor material and faulty workmanship for a period of one (1) year from the date that the City accepts the dedication of the last Public Improvement completed by the Developer (the "Warranty Period") as evidenced by the issuance of a Certificate of Completion.

9.9 Erosion Control. During the construction of the Public Improvements the Developer shall comply and shall cause all builders to comply with the City's ordinances and the erosion control elements in the final Public Improvement Plans for the prevention of damage to adjacent property and the control of surface water runoff, including without limitation the installation of a four (4) foot strip of sod, adjacent to City streets as required by such ordinances. However, on a case-by-case basis, if the temperature exceeds eighty-five degrees (85°) and in the judgment of the Building Inspector, the requirement of a four (4) foot strip of sod may be waived by the building inspector and be substituted with a silt fence requirement. As the North Branch Market Place Development progresses, the City may impose additional erosion control requirements if, in the reasonable opinion of the City Engineer, they would be useful. The Developer shall comply with the erosion control plans and with any such additional instructions it receives from the City. All areas disturbed by the excavation and backfilling operations shall be sodded or reseeded forthwith after the completion of the work in that area. Seed shall be rye grass or other fast growing seed suitable to the existing soil to provide a temporary ground cover as rapidly as possible. All seeded areas shall be mulched and disc-anchored as necessary for seed retention. The parties recognize that time is of the essence in controlling erosion.

9.10 Use of City Streets. During the construction of the Public Improvements, the Developer shall use only those City streets determined to be appropriate for such use by the City. The City shall notify the Developer of such street designations prior to the commencement of construction of such improvements and the City may change such designation from time to time thereafter.

9.11 Cleanup. The Developer shall not bury trees, stumps, garbage or building materials on any portion of the Development Property. The Developer shall promptly

clear or cause to be cleared any soil, earth or debris or unnecessary personal property or equipment resulting from construction work by the Developer or its agents or assigns.

9.12 Responsibility for Costs. Developer shall be responsible for the following costs incurred with respect to this Agreement which costs shall be paid as set forth below:

9.12.1 Actual Costs. Without limiting any other provisions of this Agreement or any other agreement ancillary hereto the Developer shall pay all City Costs, in conjunction with, this Agreement, the agreements referred to herein, the review, approval and construction of the Public Improvements in accordance with this Agreement, the Public Improvement Plans and the Developer's performance under this Agreement including, but not limited to, legal, planning, construction costs, engineering and inspection expenses incurred in connection with approval and acceptance of the Public Improvement Plans, the preparation of this Agreement and all City Costs in monitoring and inspecting construction of the Public Improvements and the North Branch Market Place Development hereunder. These amounts shall be paid in cash within thirty (30) days of submission of a bill and the documentation required in paragraph 3.1.13 to Developer.

9.12.2 Claims. Developer hereby expressly agrees to indemnify and hold the City, its officers, employees, agents and all members of the North Branch City Council, planning commission, park board and other board or commission from and against all claims, costs and liability of every kind and nature, for injury or damage received or sustained by any person or entity in connection with, or on account of, the performance of work at the Development Property and elsewhere pursuant to this Agreement or any Ancillary Agreement, and further releases such officers, employees, agents and members from any personal liability in connection with handling funds pursuant to the terms of this Agreement or any Ancillary Agreement. The indemnification provided hereunder shall not apply to intentional acts or the gross misconduct of the individual or entity so indemnified. The Developer further agrees to aid and defend the City in the event that the City is named as a defendant in an action concerning the performance of work pursuant to this Agreement or any Ancillary Agreement except where such suit is brought by the Developer. The Developer is not an agent or employee of the City and this Agreement or any Ancillary Agreement shall not be construed as creating a joint venture, partnership or other joint arrangement between the Developer and the City relating to the North Branch Market Place Development.

9.12.3 Enforcement Costs. The Developer or the City shall reimburse the other Party for reasonable out-of-pocket costs, expenses and disbursements incurred in the enforcement of this Agreement, including engineering and attorney's fees.

9.12.4 Payments. The Developer shall pay in full all bills submitted to it by the City within thirty (30) days after receipt of the documentation required in paragraph 3.1.13. If the bills are not paid on time, the City may without further notice to Developer exercise any one or more of the remedies provided to the City by Article Seven hereunder.

9.12.5 Execution of Final Plat. The City agrees to execute the Final Plat of the subdivision upon execution and delivery of this Agreement and all Ancillary Agreements or other agreements referred to herein, receipt by the City of the additional payments required by Paragraph 3.1.15 hereunder, payment of any costs described in this Agreement or Ancillary Agreement which have been incurred by and are then to be reimbursed to the City by the Developer pursuant to this Agreement or any Ancillary Agreement.

9.13 Maintenance Obligations. The City shall not be obligated to maintain any of the Public Improvements described herein until such Public Improvements have been finally accepted by the City pursuant to this Agreement as evidenced by the issuance of the Certificate of Completion. Additionally, the Developer shall be required to maintain any entrance or other sign constructed on the Development Property in a neat, attractive and reasonable manner.

9.14 Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under the Agreement by either party to the other shall be sufficiently given or delivered if it is sent by mail, postage prepaid, return receipt requested or delivered personally:

(a) As to the City:

City of North Branch
Attn: City Planner
P.O. Box 910
North Branch, MN 55056
With a Copy to City Attorney:

Thomas F. Miller, Esq.
Miller Law Office, P.A.
Oak Point Business Center, Suite 6
26357 Forest Boulevard, Box 807
Wyoming, MN 55092

(b) As to the Developer:

North Branch Market Place, LLC
Attn. Jay Scott, President
12300 Singletree Lane Suite 200
Eden Prairie, MN 55344

With a Copy to:

Anthony J. Gleekel, Esq.
Siegel, Brill, Greupner, Duffy & Foster, P.A.
1300 Washington Square
100 Washington Avenue South
Minneapolis, MN 55401

or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this Section 9.14.

9.15 Counterparts. This Agreement may be simultaneously executed in any number of counterparts, all of which shall constitute one and the same instrument.

9.16 Amendment and Supplementation. This Agreement may only be amended by a written agreement signed by the parties hereto and otherwise in accordance with the City's Code. The parties acknowledge that this Agreement may be supplemented after its execution by additional, replacement or supplementary exhibits or schedules which, when dated and signed by the parties hereto shall supplement or replace such exhibit or schedule and which shall be incorporated into this Agreement.

9.17 Separability. If any Article, section, sentence, clause or other part of this Agreement or any Ancillary Agreement shall be adjudged void and of no effect, for any reason whatsoever, such decision shall not affect the validity of the other portions of this Agreement or any Ancillary Agreement.

9.18 Rules of Interpretation.

9.18.1 Governing Law. This Agreement shall be interpreted in accordance with and governed by the laws of the State of Minnesota.

9.18.2 Includes Entire Agreement. The words "herein" and "hereof" and words of similar import, without reference to any particular section or subdivision refer to this Agreement as a whole rather than any particular section or subdivision hereof.

9.18.3 Original Sections. References herein to any particular section or subdivision hereof are to the section or subdivision of this Agreement as originally executed.

9.18.4 Headings. Any titles of the several parts, articles and section of this Agreement are inserted for convenience and reference only and shall be disregarded in construing or interpreting any of its provision.

9.19 Recording. The parties agree that this Agreement shall be recorded by the City or at the City's option, the title company retained to close Developer's financing of the North Branch Market Place Development at Developer's sole cost. The parties further agree that the applicable terms, conditions and provisions of this Agreement shall run with the land, inure to the benefit of and bind the parties hereto and their successors and assigns.

9.20 Initial Building Permit. So long as: (i) the Developer is in material compliance with all of the requirements of this Agreement; (ii) Developer complies with all other City requirements therefore; and (iii) the City Engineer reasonably determines that the Public Improvements and other City infrastructure is capable of serving such buildings, the City will issue the Developer building permits for the construction of commercial buildings to be constructed in accordance with the matters contemplated by this Agreement upon the execution of this Agreement and the recording of the Plat and the payment of all applicable City Costs and other fees, including without limitation, the posting of the Security required hereunder for the construction of a model home within the Subdivision.

9.21 Indemnification. Until the issuance of the Certificate of Completion, the Developer on behalf of itself and the Association agrees to indemnify and hold the City harmless from and against any personal injury damage incurred by the owner's property within the North Branch Market Place Development or their guests, invitees or visitors of any kind resulting from the City's maintenance of the Public Improvements including without limitation damage to lawns, vehicles, driveways, sidewalks, buildings, etc.

9.22 Conflict Between Agreements. In the event of any conflict between the terms, conditions and provisions of this Agreement and the terms, conditions and provisions of any other instrument, the terms, conditions and provisions of this Agreement shall control and take precedence.

9.23 Entire Agreement. This Agreement including the Schedules and Exhibits hereto contain the entire agreement of the parties relating to the subject matter herein, and no other prior or contemporary agreements, oral or written, including but not limited to the Letter of Intent shall be binding upon the parties hereto.

9.24 Estoppel Certificate. The City agrees, from time to time, within thirty (30) days after written request by the Developer, to execute, acknowledge and deliver to and

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in favor of any proposed lender, purchaser of the Development Property (or portions thereof), or any assignee, an estoppel certificate, in a form reasonably satisfactory to the City and to said party requesting said certificate, a certificate stating whether: (a) the Development Agreement is in full force and effect; (b) the Development Agreement has not been modified or amended, or if so, identifying and describing any such modification or amendment; and (c) the City has no notice of any default on the part of the Developer or any other claim against the Developer, or if so, specifying the nature of said default or claim.

9.25 Assignment. The Developer may assign its right, title and interest in this Development Agreement upon notice to the City and upon receiving the City's written consent thereto, which consent will be granted expeditiously, so long as said assignee executes a document, reasonably satisfactory to the City, that the assignee is bound by the terms and conditions of this Development Agreement.

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

DEVELOPER:
NORTH BRANCH MARKET PLACE, LLC

By: *Patrick J. Hart*
Patrick J. Hart, Vice President

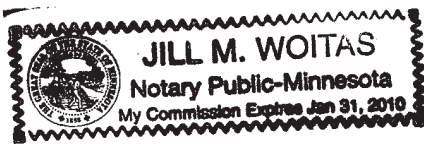
CITY:
CITY OF NORTH BRANCH

By: *Gloria Karsky*
Gloria Karsky, Mayor

By: *Ry-Chel D. Gaustad*
Ry-Chel D. Gaustad,
City Clerk

STATE OF MINNESOTA)
COUNTY OF Hennepin)ss.

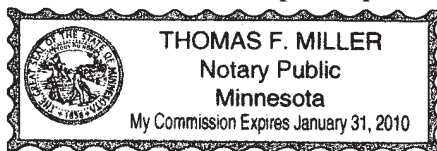
This instrument was acknowledged before me this 28th day of November, 2007, by Patrick J. Hart, Vice President of NORTH BRANCH MARKET PLACE, LLC., a Minnesota limited liability company, on behalf of the company.



Jill M. Woitas
Notary Public

STATE OF MINNESOTA)
COUNTY OF CHISAGO)

This instrument was acknowledged before me this 28th day of November, 2007 by Gloria Karsky and Ry-Chel D. Gaustad, the Mayor and City Clerk, respectively, of the City of North Branch, a Minnesota municipal corporation on behalf of the City.



Thomas F. Miller
Notary Public

THIS INSTRUMENT DRAFTED BY:
Thomas F. Miller, Esq. (#155676)
Miller Law Office, P.A.
26357 Forest Blvd., Suite 6
P.O. Box 807
Wyoming, MN 55092
Telephone: 651-462-0206
Fax: 651-462-3309
Attorney for City of North Branch
tom@millerlawoffice.com

EXHIBIT A
TO

**THE TAX ABATEMENT, BUSINESS SUBSIDY, DEVELOPMENT AND SUBDIVISION
AGREEMENT BETWEEN
THE CITY OF NORTH BRANCH,
A MINNESOTA MUNICIPAL CORPORATION AND
NORTH BRANCH MARKET PLACE, LLC
A MINNESOTA LIMITED LIABILITY COMPANY**

This is Exhibit A to that certain Tax Abatement, Business Subsidy, Development and Subdivision Agreement by and between the CITY OF NORTH BRANCH, a Minnesota municipal corporation and NORTH BRANCH MARKET PLACE, LLC, a Minnesota limited liability company. Capitalized terms used in this Exhibit shall have the meanings given them in the Tax Abatement, Business Subsidy, Development and Subdivision Agreement.

The following is the legal description of the Development Property:

Lots 1 through 3, Block 1, Lots 1 through 4, Block 2 and Outlots A through F, North Branch Market Place according to the plat thereof on file and of record in the office of the Chisago County Recorder.

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EXHIBIT B
TO

**THE TAX ABATEMENT, BUSINESS SUBSIDY, DEVELOPMENT AND
SUBDIVISION AGREEMENT BETWEEN
THE CITY OF NORTH BRANCH,
A MINNESOTA MUNICIPAL CORPORATION AND
NORTH BRANCH MARKET PLACE, LLC,
A MINNESOTA LIMITED LIABILITY COMPANY**

This is Exhibit B to that certain Tax Abatement, Business Subsidy, Development and Subdivision Agreement by and between the CITY OF NORTH BRANCH, a Minnesota municipal corporation and NORTH BRANCH MARKET PLACE, LLC, a Minnesota limited liability company. Capitalized terms used in this Exhibit shall have the meanings given them in the Tax Abatement, Business Subsidy, Development and Subdivision Agreement.

The following is the legal description of the Pre-Plat Property:

That part of the North Half of the Northwest Quarter of Section 20, Township 35, Range 21, Chisago County, Minnesota, described as follows: Commencing at the northwest corner of said North Half of the Northwest Quarter of Section 20; thence on an assumed bearing of South 0 degrees 37 minutes 25 seconds West along the west line of said North Half of the Northwest Quarter a distance of 500.00 feet to the point of beginning of the property to be described; thence North 73 degrees 58 minutes 05 seconds East 1223.76 feet; thence North 63 degrees 10 minutes 16 seconds East 83.05 feet to the westerly right of way line of County Highway No. 64, as described in Document No. 123002, recorded at the Chisago County Recorder's Office; thence southerly 353.63 feet along said right of way line which is a curve concave to the west, having a radius of 753.51 feet and a central angle of 24 degrees; thence South 23 degrees 10 minutes 16 seconds West along said right of way line 143.60 feet; thence southerly 353.95 feet along said right of way line which is a curve concave to the east, having a radius of 883.51 feet and a central angle of 22 degrees 57 minutes 13 seconds to the northerly right of way line of State Highway No. 95 a distance of 1074.77 feet to the west line of North half of the Northwest Quarter; thence North 00 degrees 37 minutes 25 seconds East along said west line 744.34 feet to the point of beginning.

AND

That part of the North Half of the Northwest Quarter of Section 20, Township 35, Range 21, Chisago County, Minnesota, which lies north of the north right of way line of State Highway No. 95, easterly of the easterly right of way line of County Highway No. 63, as described in Document No. 123002, recorded at the Chisago County Recorder's Office, and westerly right of way line of Interstate Highway No. 35.

AND

That part of County Highway No. 64, as described in a certain Notice of Lis Pendens, recorded as Document No. 123002, within the North Half of the Northwest Quarter of Section 20, Township 35, Range 21, Chisago County, Minnesota, which lies northerly of the northerly right of way line of State Trunk Highway No. 95 and southerly of the following described line: Beginning at the northwest corner of said North Half of the Northwest Quarter; thence South 00 degrees 37 minutes 25 seconds West, assumed bearing along the west line of said North Half of the Northwest Quarter, a distance of 500.00 feet; thence North 73 degrees 58 minutes 05 seconds East, a distance of 1223.76 feet; thence North 63 degrees 10 minutes 16 seconds East, a distance of 83.05 feet to an angle point in the westerly right of way line of said County Highway No. 64 and the actual point of beginning of the line to be described; thence North 63 degrees 10 minutes 32 seconds East, a distance of 155.76 feet to an angle point in the easterly right of way line of said County Highway No. 64 and said line there terminating.

To be platted as: Lots 1 through 3, Block 1, Lots 1 through 4, Block 2 and Outlots A through F, Inclusive, North Branch Market Place.

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EXHIBIT C
TO

**THE TAX ABATEMENT, BUSINESS SUBSIDY, DEVELOPMENT AND
SUBDIVISION AGREEMENT BETWEEN
THE CITY OF NORTH BRANCH,
A MINNESOTA MUNICIPAL CORPORATION AND
NORTH BRANCH MARKET PLACE, LLC,
A MINNESOTA LIMITED LIABILITY COMPANY**

This is Exhibit C to that certain Tax Abatement, Business Subsidy, Development and Subdivision Agreement by and between the CITY OF NORTH BRANCH, a Minnesota municipal corporation and NORTH BRANCH MARKET PLACE, LLC, a Minnesota limited liability company. Capitalized terms used in this Exhibit shall have the meanings given them in the Tax Abatement, Business Subsidy, Development and Subdivision Agreement. Attached to this cover sheet is the form of Second New Flink Avenue Assessment Agreement.

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SECOND NEW FLINK AVENUE AGREEMENT AS TO ASSESSMENT
AND
WAIVER OF IRREGULARITY AND APPEAL

THIS SECOND NEW FLINK AVENUE AGREEMENT AS TO ASSESSMENT AND WAIVER OF IRREGULARITY AND APPEAL ("Second New Flink Avenue Assessment Agreement") is made and entered into this ____ day of _____, 2007, by and between the **CITY OF NORTH BRANCH**, a Minnesota municipal corporation (hereinafter referred to as the "City"); and **NORTH BRANCH MARKET PLACE, LLC**, a Minnesota limited liability company (hereinafter referred to as "Developer").

ARTICLE ONE
RECITALS

1. The following Recitals contain capitalized terms which, if not defined in such Recital are defined elsewhere in this Second New Flink Avenue Assessment Agreement or in the Development Agreement as hereinafter defined and are hereby made an integral part of this Second New Flink Avenue Assessment Agreement:

1.1 Benefited Property. Developer is the owner of Seven (7) parcels of real property located in Chisago County, State of Minnesota legally described on Exhibit A hereto (the "Benefited Property").

1.2 Development Agreement. The City and the Developer are parties to a Tax Abatement, Business Subsidy, Development and Subdivision Agreement dated _____, 2007 and recorded _____, 2007 as Document No. _____ (the "Development Agreement") which Development Agreement replaces and supersedes a prior Tax Abatement, Business Subsidy, Development Agreement dated August 28, 2006 (the "Prior Development Agreement").

1.3 Prior Assessment Agreement. The City and the Developer are parties to an agreement dated August 28, 2006 relating to the matters described in this Second New Flink Avenue Assessment Agreement (the "Prior New Flink Avenue Assessment Agreement").

1.4 New Flink Avenue Public Improvements. The City proposes to install certain public improvements benefiting the Benefited Property, including without limitation, the improvements described in Exhibit B attached hereto and incorporated herein (the "New Flink Avenue Public Improvements").

1.5 Additional Assessment. As provided in Section 3.1.14 of the Development Agreement and in consideration of the City accepting the Initial Security in lieu of the full Security Amount, Developer has agreed that the City will assess the Benefitted Property (the "Additional Assessment") in the amount of \$786,000.00 (the "Approved Additional Assessment Amount") until such time as the City receives the Final Security Amount as identified in the Development

Agreement.

1.6 Assessment for New Flink Avenue Public Improvements, Additional Assessment. Developer and the City desire to set forth the understanding of the parties hereto with respect to: (a) the assessment of not more than \$1,725,000.00 (the "Approved New Flink Avenue Assessment Limit") of the cost of the New Flink Avenue Public Improvements described herein against the Benefitted Property; (b) the assessment of no more than the Approved Additional Assessment Amount of \$786,000.00 against the Benefitted Property; (c) the right of Developer to object to and appeal the assessment for the New Flink Avenue Public Improvements and the Additional Assessment if and to the extent each such assessment exceeds the Approved Assessment Limit or the Approved Additional Assessment Amount; (d) the payment of each such assessment all as more particularly described in this Second New Flink Avenue Assessment Agreement; Agreement and to the extent of differences between the Prior New Flink Avenue Assessment Agreement and this Second New Flink Avenue Assessment Agreement, the control thereof by this Second New Flink Avenue Assessment Agreement.

ARTICLE TWO

AGREEMENT AS TO ASSESSMENT

2. The following provisions shall apply to the assessment of the cost of the afore-described New Flink Avenue Public Improvements against the Benefitted Property and the limitations thereon and to the extent of conflict with the Prior New Flink Avenue Assessment Agreement, the following shall control:

2.1 New Flink Avenue Public Improvements. The "New Flink Avenue Public Improvements" consist of some or all of street, water, storm sewer, sanitary sewer and other public utilities servicing the Benefitted Property and are more particularly described or shown on Exhibit B hereto.

2.2 Public Improvements. The "Public Improvements" consists of those improvements identified in Section 2.1.2 of the Development Agreement and consist of sanitary sewer, storm sewer, water, grading and a lift station on or serving the Development Property.

2.3 Cost/Benefit of New Flink Avenue Public Improvements and of Public Improvements. The City and Developer agree that the estimated cost of construction of the New Flink Avenue Public Improvements is equal to the Approved Assessment Limit and the estimated cost of the construction of the Public Improvements is equal to the Approved Additional Assessment Amount. Accordingly, Developer agrees that the City may levy an assessment against the Benefitted Property (the "Approved Flink Avenue Assessment") in an amount not to exceed the Approved Assessment Limit which shall be payable over a period of fifteen (15) years, together with interest at a rate equal to 1% over the rate per annum charged to the City on the bonds used to finance the New Flink Avenue Public Improvements (the "Interest Rate") and otherwise except as otherwise

provided herein in accordance with Minnesota Statutes Chapter 429 and the City's ordinances, policies and procedures. Further, the Developer agrees that if the Developer fails to provide the Final Security or if the City is required to construct or complete construction of the Public Improvements in an amount not to exceed the Approved Additional Assessment Amount which will be payable over a period of fifteen (15) years with interest at the Interest Rate and except as otherwise provided herein, in accordance with Minnesota Statutes Chapter 429 and the City's ordinances, policies and procedures. As set forth in the Development Agreement, the City and the Developer agree that the assessments levied for the New Flink Avenue Public Improvements and for the Public Improvements (if levied) shall be apportioned among the Benefited Property parcels in the following percentages:

Lot 1, Block 1	5%
Lot 2, Block 1	33%
Lot 3, Block 1	4%
Lot 1, Block 2	6%
Lot 2, Block 2	38%
Lot 3, Block 2	7%
Lot 4, Block 2	7%

The City will provide the Developer at least sixty (60) days notice before commencing construction of the Public Improvements, and the City will not commence said construction if the Developer does so within said sixty (60) day period.

2.3 Waiver of Irregularity and Right to Appeal. Developer hereby waives for itself and its successors and assigns, any irregularity with regard to the afore-described assessments for the New Flink Avenue Public Improvements and the Public Improvements described herein, and any claim that the amount of such Approved Assessment Limit or Approved Additional Assessment Amount levied against the Benefited Property is excessive, so long as the actual assessment (exclusive of interest) does not exceed the Approved Assessment Limit or the Approved Additional Assessment Amount and if the actual assessment (exclusive of interest) exceeds the Approved Assessment Limit in the case of the New Flink Avenue Assessment or the Approved Additional Assessment Amount in the case of the Additional Assessment, Developer's right to appeal each such assessment shall be limited to the amount by which such actual assessment (exclusive of interest) as levied exceeds the Approved Assessment Limit in the case of the New Flink Avenue Assessment or the Approved Additional Assessment Amount in the case of the Additional Assessment. Subject to the same limitation, Developer further waives for itself and its successors and assigns all rights Developer has or may have to appeal the actual assessment for the New Flink Avenue Public Improvements Assessment and the Additional Assessment whether in the courts or otherwise.

2.4 Future Assessments Not Prohibited. This Second New Flink Avenue Assessment Agreement is not intended to limit, control or impair: (a) the rights of the City to levy future special assessments against the Benefited Property; or (b) the rights of the Developer to contest such future special assessments both as and to the extent allowed

by Minnesota law.

ARTICLE THREE MISCELLANEOUS

3. The following miscellaneous provisions are hereby made a part of this Second New Flink Avenue Assessment Agreement:

3.1 Governing Law. This Second New Flink Avenue Assessment Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota and all disputes hereunder shall be venued in the district court in and for Chisago County, State of Minnesota and Developer hereby agrees to the jurisdiction of such court.

3.2 No Partnership or Joint Venture. Nothing contained in this Second New Flink Avenue Assessment Agreement shall be interpreted as creating a partnership, joint venture or other relationship between Developer and the City relative to the matters described herein.

3.3 Binding Effect. This Second New Flink Avenue Assessment Agreement shall be binding on and inure to the benefit of the parties hereto and the respective heirs, successors, assigns, personal representative and executors of such parties.

3.4 Amendment, Modification, or Waiver. No amendment, modification, or waiver of any condition, provision or term of this Second New Flink Avenue Assessment Agreement shall be made or of any effect unless made in writing, signed by the party or parties to be bound or a duly authorized representative, and specifying with particularity the extent and nature of such amendment, modification or waiver. Any waiver by any party of any default hereunder by another party shall not affect or impair any right arising from any subsequent default. Except as expressly and specifically stated otherwise, nothing herein shall limit the remedies and rights of the parties hereto under and pursuant to this Second New Flink Avenue Assessment Agreement.

3.5 Severable Provisions. Each provision, section, sentence, clause, phrase, and word of this Second New Flink Avenue Assessment Agreement is intended to be severable. If any provision, section, sentence, clause, phrase and word hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Second New Flink Avenue Assessment Agreement.

3.6 Captions, Headings or Titles. All captions, headings, or titles in the paragraphs or sections of this Second New Flink Avenue Assessment Agreement are inserted for convenience of reference only and shall not constitute a part of this Second New Flink Avenue Assessment Agreement or as a limitation on the scope of the particular paragraphs or sections to which they apply.

3.7 Superseding Effect. This Second New Flink Avenue Assessment Agreement, upon its due approval and execution by the parties hereto supersedes and

replaces in its entirety the Prior New Flink Avenue Assessment Agreement.

IN WITNESS WHEREOF, the parties have caused this Second New Flink Avenue Assessment Agreement to be executed effective the day and year first above written.

CITY OF NORTH BRANCH:

**NORTH BRANCH MARKET PLACE,
LLC**

By: _____
Gloria Karsky, Mayor

By: _____
Patrick J. Hart, Vice President

By: _____
Ry-Chel D. Gaustad, Clerk

STATE OF MINNESOTA)
)ss.
COUNTY OF CHISAGO)

This instrument was acknowledged before me this ____ day of _____, 2007, by Gloria Karsky and Ry-Chel D. Gaustad, respectively the Mayor and Clerk of the City of North Branch, a Minnesota municipal corporation on behalf of the City.

Notary Public

STATE OF MINNESOTA)
)ss.
COUNTY OF _____)

This instrument was acknowledged before me this ____ day of _____, 2007, by Patrick J. Hart, Vice President of North Branch Market Place, LLC, a Minnesota limited liability company on behalf of the company.

Notary Public

THIS INSTRUMENT WAS DRAFTED BY:

MILLER LAW OFFICE, P.A.
Oak Point Office Center, Suite 4
26357 Forest Boulevard, Box 807
Wyoming, MN 55092
(651) 462-0206
By: Thomas F. Miller (#155676)

11-19-07

06-NB02-TFM

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**EXHIBIT A
TO
SECOND NEW FLINK AVENUE ASSESSMENT AGREEMENT**

Legal Description of Benefited Property

Lots 1-3, Block 1 and Lots 1-4, Block 2, North Branch Market Place according to the plat thereof on file and of record in the office of the County Recorder in and for Chisago County, Minnesota.

493618

**EXHIBIT B
TO
SECOND NEW FLINK AVENUE ASSESSMENT AGREEMENT**

NEW FLINK AVENUE PUBLIC IMPROVEMENTS

Street, sanitary sewer, storm sewer and water improvements and all grading, excavating, inspection and related activities. The scope of such improvements shall be described in detail in the plans and specifications for the project as prepared and amended from time to time by the City's engineers and as approved by the City.

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EXHIBIT D
TO

**THE TAX ABATEMENT, BUSINESS SUBSIDY, DEVELOPMENT AND SUBDIVISION
AGREEMENT BETWEEN THE CITY OF NORTH BRANCH, A MINNESOTA
MUNICIPAL CORPORATION AND
NORTH BRANCH MARKET PLACE, LLC,
A MINNESOTA LIMITED LIABILITY COMPANY**

This is Exhibit D to that certain Tax Abatement, Business Subsidy, Development and Subdivision Agreement by and between the CITY OF NORTH BRANCH, a Minnesota municipal corporation and NORTH BRANCH MARKET PLACE, LLC, a Minnesota limited liability company. Capitalized terms used in this Exhibit shall have the meanings given them in the Tax Abatement, Business Subsidy, Development and Subdivision Agreement. Attached to this cover sheet is the form of the Second Public Utility Assessment Agreement.

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SECOND PUBLIC UTILITIES AGREEMENT AS TO ASSESSMENT
AND
WAIVER OF IRREGULARITY AND APPEAL

THIS SECOND PUBLIC UTILITIES AGREEMENT AS TO ASSESSMENT AND WAIVER OF IRREGULARITY AND APPEAL ("Second Public Utilities Assessment Agreement") is made and entered into this ____ day of _____, 2007, by and between the **CITY OF NORTH BRANCH**, a Minnesota municipal corporation (hereinafter referred to as the "City"); and **NORTH BRANCH MARKET PLACE, LLC**, a Minnesota limited liability company (hereinafter referred to as "Developer").

ARTICLE ONE
RECITALS

1. The following Recitals contain capitalized terms which, if not defined in such Recital are defined elsewhere in this Second Public Utilities Assessment Agreement or in the Development Agreement as hereinafter defined and are hereby made an integral part of this Assessment Agreement:

1.1. Benefited Property. Developer is the owner of seven (7) parcels of real property located in Chisago County, State of Minnesota legally described on Exhibit A hereto (the "Benefited Property").

1.2. Development Agreement. The City and the Developer are parties to a Tax Abatement, Business Subsidy, Development and Subdivision Agreement dated _____, 2007 and recorded _____, 2007 as Document No. _____ (the "Development Agreement") which Development Agreement replaces and supersedes a prior Tax Abatement, Business Subsidy, Development and Subdivision Agreement dated August 28, 2006 (the "Prior Development Agreement").

1.3. Prior Assessment Agreement. The City and the Developer are parties to an agreement dated August 28, 2006 (the "Prior Public Utilities Assessment Agreement").

1.4. Prior Assessment. Consistent with the Prior Public Utilities Assessment Agreement, the City assessed the \$146,450.00 cost of the public utilities project against the property identified in the Prior Development Agreement as the Adjacent Development Property.

1.5. Assessment for Public Utilities. Developer and the City desire to set forth the understanding of the parties hereto with respect to: (a) the reallocation of the \$146,450.00 public utility cost (the "Assessment Amount") against the Benefited Property; (b) the right of Developer to object to and appeal the assessment for the Public Utility Improvements; and (c) the payment of such assessments all as more particularly described in this Second Public Utilities Assessment Agreement.

ARTICLE TWO
AGREEMENT AS TO ASSESSMENT

2. The following provisions shall apply to the assessment of the cost of the afore-described Public Utility Improvement and the cost of the afore-described Public Improvements against the Benefited Property and the limitations thereon and to the extent of conflict with the Prior Public Utilities Assessment Agreement, the following shall control:

2.1 Public Utility Improvements. The "Public Utility Improvements" consist of some or all of street, water, storm sewer, sanitary sewer and other public utilities extensions from the South side of State Highway 95 to the Benefited Property and are more particularly described or shown on Exhibit B hereto.

2.2 Cost/Benefit of Public Utility Improvements. The City and Developer agree that the estimated cost of construction of the Public Utility Improvements and the benefit of such Public Utility Improvements with respect to the Benefited Property was \$146,450.00. Accordingly, Developer agrees that the City may reallocate the existing Public Utility Assessment against the Adjacent Development Property and may levy an assessment against the Benefited Property (the "Approved Assessment") in this Amount which shall be payable over a period of fifteen (15) years, together with interest at a rate equal to 1% over the rate per annum charged to the City on the bonds used to finance the Public Utility Improvements and except as otherwise provided herein governed by Minnesota Statutes Chapter 429 and the City's ordinances, policies and procedures. As set forth in the Development Agreement, the City and the Developer agree that the assessment levied for the Public Utility Improvements will be apportioned among the Benefited Property parcels as follows:

Public Utilities Assessment

Lot 1, Block 1	\$ 7,322.50
Lot 2, Block 1	\$ 48,328.50
Lot 3, Block 1	\$ 5,858.00
Lot 1, Block 2	\$ 8,787.00
Lot 2, Block 2	\$ 55,651.00
Lot 3, Block 2	\$ 10,251.50
Lot 4, Block 2	\$ 10,251.50
Total	\$146,450.00

2.3 Waiver of Irregularity and Right to Appeal. Developer hereby waives for itself and its successors and assigns, any irregularity with regard to the afore-described Approved Assessment for the Public Utility Improvements, and any claim that the amount of such Approved Assessment levied against the Benefited Property is excessive. Developer further waives for itself and its successors and assigns all rights Developer has or may have to appeal the Approved Assessment for the Public Utility Improvements whether in the courts or otherwise.

2.4 Future Assessments Not Prohibited. This Second Public Utilities

Assessment Agreement is not intended to limit, control or impair: (a) the rights of the City to levy future special assessments against the Benefited Property; or (b) the rights of the Developer to contest such future special assessments both as and to the extent allowed by Minnesota law.

ARTICLE THREE MISCELLANEOUS

3 The following miscellaneous provisions are hereby made a part of this Second Public Utilities Assessment Agreement:

3.1 Governing Law. This Assessment Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota and all disputes hereunder shall be venued in the district court in and for Chisago County, State of Minnesota and Developer hereby agrees to the jurisdiction of such court.

3.2 No Partnership or Joint Venture. Nothing contained in this Second Public Utilities Assessment Agreement shall be interpreted as creating a partnership, joint venture or other relationship between Developer and the City relative to the matters described herein.

3.3 Binding Effect. This Agreement shall be binding on and inure to the benefit of the parties hereto and the respective heirs, successors, assigns, personal representative and executors of such parties.

3.4 Amendment, Modification, or Waiver. No amendment, modification, or waiver of any condition, provision or term of this Second Public Utilities Assessment Agreement shall be made or of any effect unless made in writing, signed by the party or parties to be bound or a duly authorized representative, and specifying with particularity the extent and nature of such amendment, modification or waiver. Any waiver by any party of any default hereunder by another party shall not affect or impair any right arising from any subsequent default. Except as expressly and specifically stated otherwise, nothing herein shall limit the remedies and rights of the parties hereto under and pursuant to this Assessment Agreement.

3.5 Severable Provisions. Each provision, section, sentence, clause, phrase, and word of this Second Public Utilities Assessment Agreement is intended to be severable. If any provision, section, sentence, clause, phrase and word hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Second Public Utilities Assessment Agreement.

3.6 Captions, Headings or Titles. All captions, headings, or titles in the paragraphs or sections of this Second Public Utilities Assessment Agreement are inserted for convenience of reference only and shall not constitute a part of this Second Public Utilities Assessment Agreement or as a limitation on the scope of the particular paragraphs or sections to which they apply.

IN WITNESS WHEREOF, the parties have caused this Second Public Utilities Assessment Agreement to be executed effective the day and year first above written.

CITY OF NORTH BRANCH:

NORTH BRANCH MARKET PLACE,
LLC

By: _____
Gloria Karsky, Mayor

By: _____
Patrick J. Hart, Vice President

By: _____
Ry-Chel D. Gaustad, Clerk

STATE OF MINNESOTA)
)ss.
COUNTY OF CHISAGO)

This instrument was acknowledged before me this ____ day of _____, 2007, by Gloria Karsky and Ry-Chel D. Gaustad, respectively the Mayor and Clerk of the City of North Branch, a Minnesota municipal corporation on behalf of the City.

Notary Public

STATE OF MINNESOTA)
)ss.
COUNTY OF _____)

This instrument was acknowledged before me this ____ day of _____, 2007, by Patrick J. Hart, Vice President of North Branch Market Place, LLC, a Minnesota limited liability company on behalf of the company.

Notary Public

THIS INSTRUMENT WAS DRAFTED BY:

MILLER LAW OFFICE, P.A.
Oak Point Office Center, Suite 4
26357 Forest Boulevard, Box 807
Wyoming, MN 55092
(651) 462-0206
By: Thomas F. Miller (#155676)

493618

**EXHIBIT A
TO
SECOND PUBLIC UTILITIES ASSESSMENT AGREEMENT**

Legal Description of Benefited Property

Lots 1-3, Block 1 and Lots 1-4, Block 2, North Branch Market Place according to the plat thereof on file and of record in the office of the County Recorder in and for Chisago County, Minnesota.

493618

**EXHIBIT B
TO
SECOND PUBLIC UTILITIES ASSESSMENT AGREEMENT**

PUBLIC UTILITY IMPROVEMENTS

Street, water, storm sewer, sanitary sewer and other public utilities extensions from the South side of State Highway 95 to the Benefited Property. The scope of such improvements is described in detail in the plans and specifications for the project as prepared by the City's engineers and as adopted by the City.

493618

EXHIBIT E
TO

**THE TAX ABATEMENT, BUSINESS SUBSIDY, DEVELOPMENT AND SUBDIVISION
AGREEMENT BETWEEN THE CITY OF NORTH BRANCH, A MINNESOTA
MUNICIPAL CORPORATION AND
NORTH BRANCH MARKET PLACE, LLC,
A MINNESOTA LIMITED LIABILITY COMPANY**

This is Exhibit E to that certain Tax Abatement, Business Subsidy, Development and Subdivision Agreement by and between the CITY OF NORTH BRANCH, a Minnesota municipal corporation and NORTH BRANCH MARKET PLACE, a Minnesota limited liability company. Capitalized terms used in this Exhibit shall have the meanings given them in the Tax Abatement, Development and Subdivision Agreement. The following are the Permitted Encumbrances:

1. Private Right of Way and Tree Trimming Permit in favor of the Eastern Minnesota Power Corporation dated July 15, 1943, filed July 22, 1943, in Book F of Contracts, page 118.
2. Highway easement, the right to erect temporary snow fences, and the right to construct slopes, offtake ditches, and channel changes, acquired by the State of Minnesota as evidenced of record by Final Certificate filed September 22, 1948, in Book 72 of Deeds, page 154.
3. Limitation of access to Trunk Highway No. 35 and Trunk Highway No. 95 acquired by the State of Minnesota as evidenced of record by Final Certificate dated April 10, 1972, filed May 1, 1972, as Document No. 134098.
4. Rights acquired by the State of Minnesota as evidenced of record by Final Certificate dated August 13, 1979, filed August 28, 1979, as Document No. 164515.
5. Definite Location Order No. 36388 dated October 27, 1964, filed April 27, 1988, as Document No. 209637 and Width Order No. 36309 dated October 27, 1964, filed April 27, 1988, as Document No. 209639.
6. Terms and conditions of Declaration of Easements dated June 12, 1992, as Document No. 240734, which creates easements for the benefit of the land.
7. Contract for Private Redevelopment by and among the City of Branch, Branch Economic Development Authority, Stanley K. Tanger, Old Little Sweden, Inc., and Little Sweden, Inc., dated June 15, 1992, filed June 16, 1992, as Document No. 240378.
8. Storm sewer and water line easement in favor of the City of Branch as contained in Easement dated June 13, 1992, filed June 17, 1992, as Document No. 240789.

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9. Special Assessment Agreement by and between the City of Branch and Old Little Sweden, Inc., and Little Sweden, Inc., dated June 15, 1992, filed June 17, 1992, as Document No. 240794.
10. Agreement between and among the City of North Branch, the North Branch Economic Development Authority, J.P.M.J. Limited Partnership, Old Little Sweden, Inc., and Little Sweden, Inc., dated January 22, 1996, filed January 22, 1996, as Document No. 279851.
11. Declaration of Restrictive Covenant dated August 15, 2003, filed August 15, 2003, as Document No. 410649.
12. Rights of tenants under unrecorded leases.
13. Signage Easement Agreement dated August 14, 2006 and filed September 25, 2006 as Document No. A-475333.
14. Declaration of Easements, Restrictions and Covenants, dated _____, 2007, filed _____, 2007, as Document No. _____.
15. North Branch Market Place Tax Abatement and Business Subsidy Agreement between Chisago County, Minnesota and North Branch Market Place, LLC, dated _____, 2007, filed _____, 2007, as Document No. _____.
16. Grant of Temporary Easement for Public Street and Utility Purposes, dated _____, 2007, filed _____, 2007, as Document No. _____
(Old Flink Avenue).

EXHIBIT F
TO

**THE TAX ABATEMENT, BUSINESS SUBSIDY, DEVELOPMENT AND SUBDIVISION
AGREEMENT BETWEEN THE CITY OF NORTH BRANCH, A MINNESOTA
MUNICIPAL CORPORATION AND
NORTH BRANCH MARKET PLACE, LLC,
A MINNESOTA LIMITED LIABILITY COMPANY**

This is Exhibit F to that certain Tax Abatement, Business Subsidy, Development and Subdivision Agreement by and between the CITY OF NORTH BRANCH, a Minnesota municipal corporation and NORTH BRANCH MARKET PLACE, a Minnesota limited liability company. Capitalized terms used in this Exhibit shall have the meanings given them in the Tax Abatement, Business Subsidy, Development and Subdivision Agreement. Attached to this cover sheet is the form of Letter of Credit.

493618

Sample Letter of Credit #

Date: _____

\$XXXXXXXX

TO: City of North Branch
P.O. Box 910
North Branch, MN 55056

Dear Sirs:

We hereby issue in your favor, this Irrevocable Letter of Credit # _____ for the account of NORTH BRANCH MARKET PLACE, LLC, ("Developer"), pertaining to Developer's obligations, performance and undertakings, as described in the North Branch Market Place Tax Abatement, Business Subsidy, Development and Subdivision Agreement dated _____, 2007 (the "Development Agreement"), between Developer and the City of North Branch, Minnesota (the "City"), in the amount of \$XXXXXX, available to you by your draft at the sight of the undersigned bank when accompanied by a signed statement by the City Administrator of the City certifying that the conditions of the above-referenced Development Agreement have not been satisfied in accordance with that Development Agreement as follows:

1. The City Administrator certifies to the Bank truthfully that:
 - (a) Developer is in default in the completion of the Public Improvements as defined in the afore-described Development Agreement or is otherwise in default under the Development Agreement; and
 - (b) The City has given written notice of said default to each of Developer and the undersigned and thirty (30) days or more has expired since the giving of such notice and such default continues; and
 - (c) The City is drawing upon such Letter of Credit the amounts necessary to complete the Public Improvements or otherwise satisfy the Developer's obligations under the Development Agreement and that it will utilize and funds for the completion of said Public Improvements.
2. The City presents this Letter of Credit; and
3. The City presents a copy of the 30-day written notice specified in (b) above.

This Letter of Credit will continue in full force and effect until the expiration of the Warranty Period provided in the Development Agreement unless the City consents to the earlier termination thereof in writing which consent may be withheld for any or no reason.

Very truly yours,

(Lender)

By: _____

Its: _____

493618

EXHIBIT G
TO

**THE TAX ABATEMENT, BUSINESS SUBSIDY, DEVELOPMENT AND SUBDIVISION
AGREEMENT BETWEEN THE CITY OF NORTH BRANCH, A MINNESOTA
MUNICIPAL CORPORATION AND
NORTH BRANCH MARKET PLACE, LLC,
A MINNESOTA LIMITED LIABILITY COMPANY**

This is Exhibit G to that certain Tax Abatement, Business Subsidy, Development and Subdivision Agreement by and between the CITY OF NORTH BRANCH, a Minnesota municipal corporation and NORTH BRANCH MARKET PLACE, LLC, a Minnesota limited liability company. Capitalized terms used in this Exhibit shall have the meanings given them in the Tax Abatement, Business Subsidy, Development and Subdivision Agreement. Attached to this cover sheet is the Certificate of Completion.

493618

CERTIFICATE OF COMPLETION

The undersigned hereby certify that NORTH BRANCH MARKET PLACE, LLC a Minnesota limited liability company ("Developer") has fully and completely complied with its obligations under Article Four of that document entitled "North Branch Market Place Tax Abatement, Business Subsidy, Development and Subdivision Agreement", dated _____, 2007 (the "Agreement"), between the City of North Branch and Developer with respect to construction of the Improvements in accordance with the approved Construction Plans, and is released and forever discharged from its obligations to construct under such above-referenced Article. This certificate shall not release Developer from any other obligation or undertaking required by the Agreement.

Dated: _____

CITY OF NORTH BRANCH:

By: _____
Its: _____

By: _____
Its: _____

THIS INSTRUMENT WAS DRAFTED BY:

Thomas F. Miller, Esq. (#155676)
MILLER LAW OFFICE, P.A.
Oak Point Business Center, Suite 6
26357 Forest Boulevard, Box 807
Wyoming, MN 55092
Telephone: (651) 462-0206
Attorney for City of North Branch

EXHIBIT H
TO

**THE TAX ABATMENT, BUSINESS SUBSIDY, DEVELOPMENT AND SUBDIVISION
AGREEMENT BETWEEN THE CITY OF NORTH BRANCH, A MINNESOTA
MUNICIPAL CORPORATION AND
NORTH BRANCH MARKET PLACE, LLC,
A MINNESOTA LIMITED LIABILITY COMPANY**

This is Exhibit H to that certain Tax abatement, Business Subsidy, Development and Subdivision Agreement by and between the CITY OF NORTH BRANCH, a Minnesota municipal corporation and NORTH BRANCH MARKET PLACE, LLC, a Minnesota limited liability company. Capitalized terms used in this Exhibit shall have the meanings given them in the Tax Abatement, Business Subsidy, Development and Subdivision Agreement. Attached to this cover sheet is the Offer of Dedication.

493618

_____ [First, Second or Third]

OFFER OF DEDICATION

THE UNDERSIGNED, NORTH BRANCH MARKET PLACE, LLC, a Minnesota limited liability company ("Developer") has executed this Offer of Dedication ("Offer") effective as of the ____ day of _____, 200_.

RECITALS

A. The Developer and the City of North Branch, a Minnesota municipal corporation ("City") are parties to the North Branch Market Place Tax Abatement, Business Subsidy, Development and Subdivision Agreement dated _____, 2007 (the "Agreement") according to the terms of which the Developer agreed to construct certain Improvements to the Property owned by the Developer including certain Public Improvements to be dedicated to the City.

B. Pursuant to the Agreement, the Developer has furnished the City with a Letter of Credit in the amount of \$ _____ issued by _____.

C. The Agreement further provides that the Improvements may be offered to the City in no more than three (3) dedications and that, if the City accepts the dedication of such Improvements, the Letter of Credit may be reduced by an amount equal to 100% of the estimated costs of the Improvements to be dedicated as determined by the City Engineer (the "Reduction Amount").

D. The Developer has completed certain of the Improvements and now desires to offer to dedicate such improvements (the "Dedicated Improvements") to the City and, upon the City's acceptance of such offer to provide the City with a replacement Letter of Credit in a reduced amount as allowed by the Agreement.

OFFER OF DEDICATION

The following provisions are hereby submitted to the City by the Developer in connection with the Agreement regarding the development of the Casselberry Ponds 9th Development within the City limits:

1. Offer of Dedication. The Developer hereby offers to dedicate to the City the Dedicated Improvements completed by the Developer pursuant to the Agreement as of the date hereof and generally described on Exhibit A attached hereto and incorporated herein.

2. Cost of Dedicated Improvements. The Developer hereby submits that the estimated cost of the Dedicated Improvements as determined by the City's Engineer is \$ _____ and that therefore the Reduction Amount is \$ _____.

3. Letter of Credit. The Developer hereby requests that the City execute a certificate verifying its acceptance of the Dedicated Improvements and waiving its right to draw on the Letter of Credit to the extent of the Reduction Amount and to allow the Developer to submit a replacement Letter of Credit in the amount of \$ _____ representing the difference between the original Letter of Credit amount and the Reduction Amount requested hereunder.

4. Developer's Acknowledgment. Developer hereby acknowledges that, the Improvements will not be formally dedicated to the City until the City's final acceptance of the Public Improvements required by the Development Agreement as evidenced by a Certificate of Completion issued by the City and therefore the City's acceptance of the Offer of the Dedicated Improvements hereunder is expressly made contingent upon and subject to such formal statutory dedication requirements, the City's final acceptance of the Public Improvements and in all other respects is contingent upon the Developer's continued compliance with the terms and conditions of the Agreement.

5. Definitions. Capitalized terms not otherwise defined herein shall have the meanings given them on the Agreement.

Respectfully Submitted,

DEVELOPER:
NORTH BRANCH MARKET PLACE, LLC

By: _____
Its: _____

EXHIBIT I
TO

**THE TAX ABATEMENT, BUSINESS SUBSIDY, DEVELOPMENT AND SUBDIVISION
AGREEMENT BETWEEN THE CITY OF NORTH BRANCH, A MINNESOTA
MUNICIPAL CORPORATION AND
NORTH BRANCH MARKET PLACE, LLC,
A MINNESOTA LIMITED LIABILITY COMPANY**

This is Exhibit I to that certain Tax Abatement, Business Subsidy, Development and Subdivision Agreement by and between the CITY OF NORTH BRANCH, a Minnesota municipal corporation and NORTH BRANCH MARKET PLACE, LLC, a Minnesota limited liability company. Capitalized terms used in this Exhibit shall have the meanings given them in the Tax Abatement, Business Subsidy, Development and Subdivision Agreement. Attached to this cover sheet is the Certificate of Acceptance.

493618

CERTIFICATE OF ACCEPTANCE

THE UNDERSIGNED, City of North Branch, a Minnesota municipal corporation ("City") hereby has executed this Certificate of Acceptance ("Certificate") on the ____ day of _____, 200_.

RECITALS

A. NORTH BRANCH MARKET PLACE, LLC, a Minnesota limited liability company ("Developer") and the City are parties to the North Branch Market Place Tax Abatement, Business Subsidy, Development and Subdivision Agreement dated _____, 2007 (the "Agreement") according to the terms of which the Developer agreed to construct certain Public Improvements to the Property owned by the Developer including certain Public Improvements to be dedicated to the City.

B. Pursuant to the Agreement, the Developer has furnished the City with a Letter of Credit in the amount of \$ _____ issued by _____ (the "Existing Letter of Credit").

C. The Agreement further provides that the City Administrator will consent to the reduction of the Letter of Credit based upon the City Engineer's Certificate of Completion of construction work on such Public Improvements.

D. The Agreement provides that the Public Improvements may be offered to the City in no more than three (3) dedications and that, if the City accepts such Improvements, the Existing Letter of Credit may be reduced by an amount equal to one hundred percent (100%) of the estimated cost of the Improvements to be dedicated as determined by the City Engineer (the "Reduction Amount").

E. The Developer has completed certain of the Public Improvements and pursuant to a _____ [first, second or final] offer to dedicate such Improvements to the City (the "Dedicated Improvements") and, upon the City's acceptance of such Offer to accept a new Letter of Credit in an amount reduced by the Reduction Amount as allowed by the Agreement.

CERTIFICATE OF ACCEPTANCE

1. Conditional Acceptance. Based upon the Offer of Dedication submitted to the City, the City hereby accepts the Dedicated Improvements described therein with such acceptance being expressly made contingent upon the Developer's compliance with Minnesota Statutes Chapter 505, the Agreement and all other applicable rules and regulations applicable to the transactions contemplated by the Agreement.

2. Approval of Reduction in Security. The City hereby approves the City Administrator's consent to a reduction in the Existing Letter of Credit provided by the Developer in an amount equal to the Reduction Amount consisting of the estimated cost of the Dedicated Improvements as determined by the City Engineer and the City hereby agrees to surrender the Existing Letter of Credit in exchange for a replacement Letter of Credit amount of not less than \$_____ and otherwise in all material respects acceptable to the City.

CITY OF NORTH BRANCH

By: _____
Its: _____

By: _____
Its: _____

493618

SCHEDULE 2.1.1
TO

**THE TAX ABATEMENT, BUSINESS SUBSIDY, DEVELOPMENT AND SUBDIVISION
AGREEMENT BETWEEN THE CITY OF NORTH BRANCH, A MINNESOTA
MUNICIPAL CORPORATION AND
NORTH BRANCH MARKET PLACE, LLC,
A MINNESOTA LIMITED LIABILITY COMPANY**

This is Schedule 2.1.1 to that certain Tax Abatement, Business Subsidy, Development and Subdivision Agreement by and between the CITY OF NORTH BRANCH, a Minnesota municipal corporation and NORTH BRANCH MARKET PLACE, LLC, a Minnesota limited liability company. Capitalized terms used in this Schedule shall have the meanings given them in the Tax Abatement, Business Subsidy, Development and Subdivision Agreement. Attached to this cover sheet from time to time will be identifying information regarding the Public Improvement Plans.

493618

SCHEDULE 3.1.12
TO

**THE TAX ABATEMENT, BUSINESS SUBSIDY, DEVELOPMENT AND SUBDIVISION
AGREEMENT BETWEEN THE CITY OF NORTH BRANCH, A MINNESOTA
MUNICIPAL CORPORATION AND
NORTH BRANCH MARKET PLACE, LLC,
A MINNESOTA LIMITED LIABILITY COMPANY**

This is Schedule 3.1.12 to that certain Tax abatement, Business Subsidy, Development and Subdivision Agreement by and between the CITY OF NORTH BRANCH, a Minnesota municipal corporation and NORTH BRANCH MARKET PLACE, LLC, a Minnesota limited liability company. Capitalized terms used in this Schedule shall have the meanings given them in the Tax Abatement, Business Subsidy, Development and Subdivision Agreement. Attached to this cover sheet from time to time will be identifying information regarding the Restrictive Covenants.

493618

EXHIBIT J
NEW FLINK AVENUE TEMPORARY CONSTRUCTION EASEMENT

493618

EXHIBIT K
TRAIL EASEMENT

493618

EXHIBIT L

STATE AID HIGHWAY 95 IMPROVEMENTS

493618

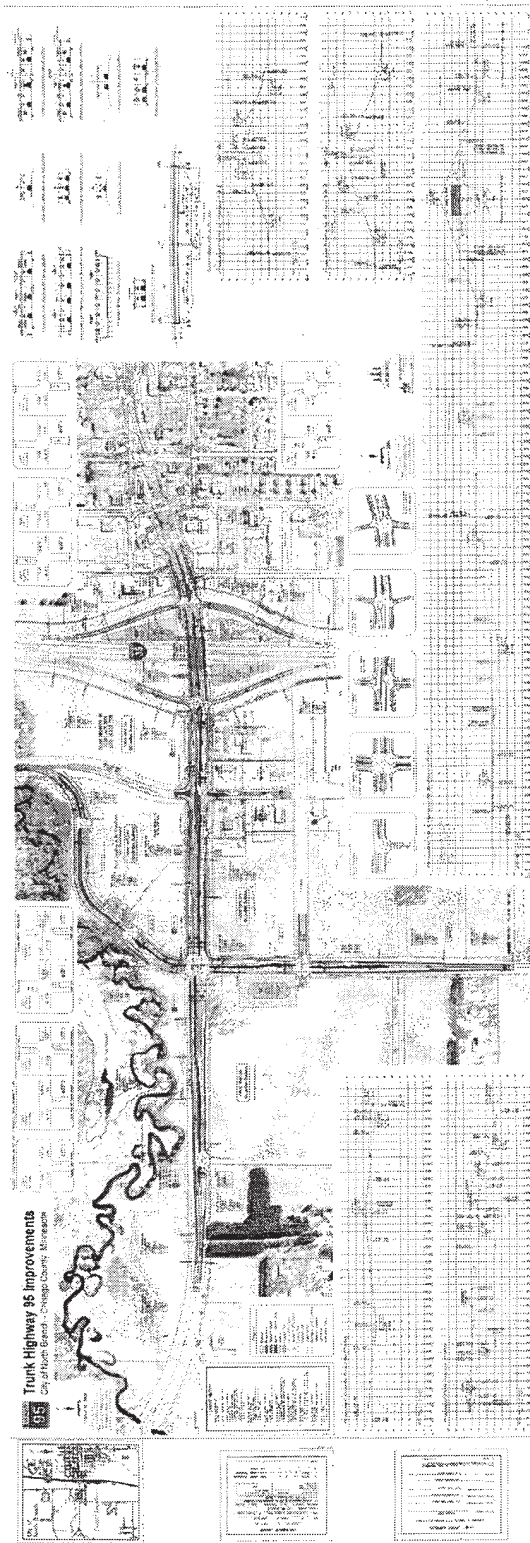


EXHIBIT L



Prepared By: Nathan Sondrol, Community Development Director

Presenter: Nathan Sondrol, Community Development Director

Date: 05/13/2025

Board & Commission: Economic Development Authority

Subject: Closed meeting pursuant to Minn. Stat. 13D.05, sub. 3 (c) to consider the sale of real property identified as Lot 1 Block 1, Cherokee Place 3rd Addition, North Branch, Minnesota

Voting Requirements:

Voting Options Simple Majority



Prepared By: Nathan Sondrol, Community Development Director

Presenter: Nathan Sondrol, Community Development Director

Date: 05/13/2025

Board & Commission: Economic Development Authority

Subject: Closed meeting pursuant to Minn. Stat. 13D.05, sub. 3 (c) to consider the sale of real property in the Interstate Business Park

Voting Requirements:

Voting Options Simple Majority



Prepared By: Nathan Sondrol, Community Development Director

Presenter: Nathan Sondrol, Community Development Director

Date: 05/13/2025

Board & Commission: Economic Development Authority

Subject: Closed meeting pursuant to Minn. Stat. 13D.05, sub. 3 (c) to consider the sale of real property at 37891 Forest Blvd

Voting Requirements:

Voting Options Simple Majority