



ECONOMIC DEVELOPMENT AUTHORITY MEETING
City Hall: 3750 Bridge St NW
Wednesday, February 19, 2025 at 5:30 PM

AGENDA

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **APPROVAL OF MINUTES**
 - A. EDA Minutes of October 24, 2024
4. **APPOINTMENTS OF PRESIDENT AND VICE PRESIDENT**
5. **APPROVAL OF AGENDA**
6. **PUBLIC HEARING**
 - A. Land Sale – Public Hearing
7. **NEW BUSINESS**
 - A. TIF – For Discussion Only
 - B. 2024 Annual Report
8. **MEMBER REPORTS**
9. **ADJOURNMENT**



ST. FRANCIS ECONOMIC DEVELOPMENT AUTHORITY
St. Francis City Hall, 23340 Cree Street NW
Tuesday, October 24, 2024 at 6:00 PM

MINUTES

1. CALL TO ORDER

Meeting called to order at 6:00 p.m. on October 24, 2024

2. ROLL CALL

Present: Joe Muehlbauer, Michael Rodger, and Crystal Kreklow.

Absent: Brenda Pavelich-Beck and MaraLynn Kubacki

Also Present: City Administrator Kate Thunstrom and Community Development Director Jessica Rieland.

3. ELECTION OF OFFICERS

Motion to appoint Rodger as President.

Motion: Muehlbauer
Second: Kreklow
Motion Carried: 3-0

Motion to continue the appointment of a Vice President until the next meeting.

Motion: Rodger
Second: Muehlbauer
Motion Carried: 3-0

4. APPROVAL OF MINUTES

Motion to approve the EDA Minutes for the meeting dated May 3, 2023.

Motion: Muehlbauer
Second: Rodger
Motion Carried: 3-0

Motion to approve the EDA Minutes for the meeting dated August 22, 2023.

Motion: Kreklow
Second: Muehlbauer
Motion Carried: 3-0

5. APPROVAL OF AGENDA

Motion: Muehlbauer

Second: Rodger
Motion Carried: 3-0

6. NEW BUSINESS

A. LOI - NorthShore Development

City Administrator Thunstrom reviewed the Staff report in regard to the LOI agreement for the Northshore Development.

Rodger asked if they could potentially get an easement for the access into the Subway as access for the second lot. Thunstrom said no and explained that Subway access is already tight. She noted that there was a Rum River corridor study that the County did in this area which removes all access points along Bridge Street and tries to get them consolidated. She added that the County could request that Subway close their access after they get one off of a private road. She noted the County is trying to mitigate the access points due to the danger of them.

Muehlbauer asked if they are considering a roundabout in this area. Thunstrom explained that the County does not have anything set aside in a CIP for a roundabout at this time and they will be keeping this as a three-way intersection.

Rodger asked if there is infrastructure work that needs to be done in this area with the sewer line not being compatible. Thunstrom stated this is a part of Highway 47 and Rum River Blvd. to the south. She explained this would be an access point to create development opportunities.

Rodger asked if there had been any movement on this lot. Thunstrom said there has not been any movement lately; however, she thinks the development of the apartment will change the face of Bridge Street.

Muehlbauer noted they have invested a decent amount of money into this property. He asked if this additional work is something that would typically be done for something like this. Thunstrom said yes, to an extent. She explained that the City Attorney is redefining a lot of language in this agreement. She noted that there is a balance between not doing too much and having enough equity to keep the project moving forward.

Muehlbauer asked if these developers are interested in TIF. Thunstrom said yes and explained that the development costs in multi-family housing uses some kinds of subsidies. She added that the City's natural rent prices will allow the developer to apply for these types of funds. She noted that there are State statutes that provide a maximum for TIF that would end when they refinance.

Muehlbauer noted that the residents will likely have a fit when they see TIF projects and low income housing.

Thunstrom shared that St. Francis is not a cheap City to build in because of their standalone fees; however, they are nowhere near the most expensive to build in. She noted they did lose one of their TIF projects due to the cost of building. She stated this developer is very interested and is watching interest rates and hopes to break ground next year.

Rodger shared that he would like to see strong language on the TIF money. Thunstrom said this is in State statute and will need to go through Council for approval.

Rodger asked if they could use County TIF money for this project. Thunstrom said the County does not use TIF for projects and the City would be the holder of the TIF.

Motion to authorize entering into a Letter of Intent with Northshore Development for the EDA property located at 3731 Bridge Street subject to attorney form.

Motion: Kreklow
Second: Muehlbauer
Motion Carried: 3-0

B. 2023 Annual Report
Thunstrom reviewed the 2023 annual EDA report.

Motion to accept the Annual Report for 2023.

Motion: Muehlbauer
Second: Kreklow
Motion Carried: 3-0

7. MEMBER REPORTS

Rodger asked about the Rum River Inn. Thunstrom shared that it has been in the hands of the bank since June. She said she was able to get inside the building and it is extremely dilapidated and stripped out. She noted the amount to remodel the property is more than the amount to acquire the property. She added that once it went on the market they had a handful of calls about the property; however, once they walked through the building, no one had come back. She shared that they applied with the State to see if they could get some funds to look at a reuse study for the building but this request was denied.

Kreklow asked if the building was pulled from the historical list. Thunstrom said this is their next step. She noted that in order to demolish the building they would have to do an environmental assessment worksheet and Community Development Director Rieland has started this process.

Thunstrom explained that this property has a lot of challenges as it is on the river, on a County road, and is a historical site.

Rieland shared that they received a call from two tradesmen who said they would be able to take the building down. She noted that there Tim, who owns the hardware store, is considering buying the property.

Rodger asked what was going on with Highway 47. Thunstrom shared that they have received regional solicitation finds in the amount of \$7,000,000 and she is about to bring an environmental and design JPA to the Council along with a scope of work so they can get this started. She added they will also be working with the legislature to get more money.

8. ADJOURNMENT

Muehlbauer made a motion to adjourn the meeting at 6:35 p.m. Kreklow seconded.



**ECONOMIC DEVELOPMENT
AUTHORITY
AGENDA REPORT**

TO: Mayor and Council
FROM: Kate Thunstrom, City Administrator
SUBJECT: Land Sale – Public Hearing
DATE: February 19, 2025

OVERVIEW:

In 2023, the city began its work with North Shore Development on the concept of a multi-family housing units on the site previously known as 3731 Bridge Street. This property was acquired by the EDA in 2019 to address the blight and create a housing redevelopment site. Since that time staff has worked with developers on concepts related to townhomes and multi-unit buildings. As this site has been shown to be a challenge for townhomes due to the cost of the infrastructure for the limited number of units, it has proven to provide adequate space for a multi-family building.

Over the last 18 months, the EDA has entered into a letter of intent with North Shore Development as they worked through site information, surveys, financing discussions, etc. This project is ready to move forward with a land use application and therefor is entering into a purchase agreement with the EDA.

PURCHASE AGREEMENT

North Shore Development is the entity that has continued to work with the city on the land use steps and organization to move a project forward. The EDA is the owner of the property, therefore separate than the City authority and is has the individual authority to sell the real property.

REQUIREMENTS FOR SALE

To finalize the sale of the property, the EDA must hold a public hearing and set the final terms for the sale. The proposed terms of the sale are memorialized in the attached Purchase Agreement and Development Contract Performance Agreement.

ACTION TO BE CONSIDERED:

1. EDA Authority to hold a public hearing and approve the purchase agreement, if the terms of the sale are deemed acceptable. Purchase Agreement with North Shore Development subject to Attorney approval to form.
2. Approve Resolution 2025-01 a Resolution Approving the Sale of Property, Purchase Agreement and Granting Signatory Authority

Attachments:

- 2025-01 a Resolution Approving the Sale of Property, Purchase Agreement and Granting Signatory Authority
- Purchase and Development Contract Performance Agreement

Economic Development Authority for the City of St. Francis
St. Francis, MN
Anoka County

RESOLUTION 2025-01

Resolution Approving the Sale of Property,
Purchase Agreement and Granting Signatory Authority

BE IT RESOLVED THAT, the Board/Commissioners of the Economic Development Authority for the City of St. Francis, Minnesota hereby approves the sale of the real property described herein as Parcel ID 323424310020, 323424340035 and part of 323424310016, located at or about 3731 Bridge Street NW., Anoka County, Minnesota, to North Shore Development Partners LLC or its successors and assigns.

BE IT FURTHER RESOLVED THAT, the Board/Commissioners of the Economic Development Authority for the City of St. Francis, Minnesota hereby authorizes Kate Thunstrom, Chief Executive Officer of the Economic Development Authority for the City of St. Francis, Minnesota, to execute any and all necessary and reasonable documents to effectuate the sale of the above referenced real property to North Shore Development Partners, LLC., or its successors and assigns, including but not limited to, closing documents, deed, affidavits and an amendment to the purchase agreement to extend the closing date specified therein.

ADOPTED BY THE BOARD/COMMISSIONERS OF THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF ST. FRANCIS THIS 19TH DAY OF FEBRUARY 2025.

APPROVED:

Print Name
EDA President



PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (this “Agreement”) is made as of [] (the “Effective Date”), by and between **THE ST. FRANCIS ECONOMIC DEVELOPMENT AUTHORITY**, a public body corporate and politic under the laws of Minnesota (“Seller”), and **NORTH SHORE DEVELOPMENT PARTNERS LLC**, a Minnesota limited liability company, its successors and assigns (“Buyer”).

WHEREAS, Seller is the fee owner of three parcels of real property located in the City of St. Francis, County of Anoka, State of Minnesota, bearing Parcel ID Numbers 323424310020, 323424340035, and part of 323424310016, located at or about 3731 Bridge Street NW, and legally described in **Exhibit A** (the “Real Property”).

In consideration of this Agreement, Seller and Buyer agree as follows:

1. Sale of Property. Seller agrees to sell to Buyer, and Buyer agrees to buy from Seller, (i) the Real Property, (ii) all permits, warranties, guarantees and records in Seller’s possession relating to the Real Property that the Buyer elects to assume, and (iii) all other rights, privileges, hereditaments, appurtenances, and improvements located on and/or in any way related to the Real Property (collectively, the “Property”), upon and subject to the terms, conditions and limitations contained herein. Seller will also provide the following in Seller’s possession, to the extent Seller is not otherwise legally restricted from providing, as further described in Section 3.2 and **Exhibit B** herein: market studies, appraisals, civil engineering documents, ALTA surveys, tree surveys, geotechnical reports and Phase I and Phase II environmental reports.

2. Purchase Price and Manner of Payment. The total purchase price (the “Purchase Price”) to be paid for the Property shall be Five Thousand Dollars (\$5,000.00). Subject to any adjustments provided herein, the Purchase Price shall be payable as follows:
 - 2.1. Earnest Money. Ten Thousand Dollars (\$10,000.00) as earnest money (the “Earnest Money”) shall be deposited within five (5) business days after the Effective Date with Guaranty Commercial Title Company or another title insurance company selected by the Buyer (“Title” or “Title Company”) in an interest bearing account, at the election of the Buyer, and in accordance with the Escrow Receipt in the form attached hereto among Seller, Buyer and Title Company.

 - 2.2. Earnest Money Refund. Five Thousand Dollars (\$5,000.00) of the Earnest Money (“Refundable Earnest Money”) shall be refundable to Buyer prior to the Due Diligence Date (herein defined). After the Due Diligence Date, the full Earnest Money will be nonrefundable unless (i) Seller defaults under this Agreement in any material respect and does not timely cure the default, (ii) a condition precedent to Buyer’s obligation to close is not satisfied and Buyer elects not to close, and (iii) Seller is unable to provide Buyer with marketable title at Closing (collectively, a “Refund Event”). In the case of a Refund Event, the Refundable Earnest Money shall be refunded to Buyer.

3. Buyer's Contingencies. Unless a different period of time is specified herein, the obligations of Buyer under this Agreement are contingent upon each of the following contingencies ("Buyer's Contingencies") occurring on or before the date which is three hundred (300) days after the Effective Date (the "Due Diligence Date"):

3.1. Title. Title to the Property shall have been found acceptable, or been made acceptable, in accordance with the requirements and terms of Section 8 below.

3.2. Seller Documents. Upon execution of this Agreement, Seller shall deliver to Buyer copies of the documents listed in **Exhibit B** attached hereto (collectively, the "Seller's Documents") in Seller's possession or make such documents available at the Real Property for Buyer's review. Prior to the Due Diligence Date, Buyer shall have determined in its sole discretion that it is satisfied with its review and analysis of Seller's Documents.

3.3. Access and Inspection. On or before the Due Diligence Date, Seller shall allow Buyer, and Buyer's agents, access to the Real Property with 24-hours prior written notice, without charge and at all reasonable times for the purpose of Buyer's investigation of the same, which investigation shall be at Buyer's sole cost and expense. Prior to the Due Diligence Date, Buyer shall have determined in its sole discretion that it is satisfied with its review and analysis of its investigation of the physical condition of the Real Property. Buyer shall indemnify and hold Seller harmless from mechanic's liens or personal injury arising out of Buyer, and Buyer's agents, access to the Real Property and this provision shall survive cancellation/termination of this Agreement and delivery of the deed.

3.4. Environmental Review. On or before the Due Diligence Date, Buyer shall have determined, in Buyer's sole discretion that the Property is not affected by any adverse environmental condition. To make such determination, Buyer may obtain a Phase I Environmental Site Assessment ("Phase I"), which may disclose the existence of one or more recognized environmental conditions or may request the Seller provide a reliance letter to the Buyer based on the Seller's existing Phase I. Buyer shall provide Seller a copy of any environmental report obtained by Buyer, if requested by Seller.

During the Due Diligence Period, Seller shall allow Buyer, and Buyer's agents, access to the Real Property, without charge and at all reasonable times for the purpose of Buyer's investigation and testing the same, which investigation and testing shall be at Buyer's sole cost and expense. Notwithstanding the foregoing, Buyer shall obtain Seller's prior written consent, not to be unreasonably withheld or delayed, before performing any intrusive or "Phase II" testing of the Real Property. Buyer shall indemnify and hold Seller harmless from mechanic's liens or personal injury arising out of Buyer, and Buyer's agents, access to the Real Property and this provision shall survive cancellation/termination of this Agreement and delivery of the deed.

3.5. Governmental Approvals. Buyer shall have satisfied itself, on or before the Due Diligence Date, that Buyer may utilize the Property for its intended purpose and may communicate with the City of St. Francis and the County of Anoka (the "Governmental Authorities") in order to make such determination or apply for re-zoning of the Property. Seller shall, at the request of Buyer, and at no cost to Seller, reasonably cooperate with

Buyer in connection with such communication with Governmental Authorities as provided in this Agreement, and shall execute such applications and other standard and customary documents as may be reasonably required in connection therewith, and shall, upon Buyer request, attend meetings. Nothing in this Agreement shall be construed to bind Seller, or any party affiliated with Seller, to approve any application or request of Buyer, and Seller, or any party affiliated with Seller, retains all rights under the law related to approval of future plans and improvements.

3.6. Plat. On or before the Closing Date, Buyer, at its sole cost and expense, shall prepare such plat, replat, or subdivision and pursue the same to completion. Seller shall make good faith efforts to cooperate with Buyer in obtaining necessary approvals and pursuing such plat, replat, or subdivision, and shall execute such standard and customary applications and other documents as may be reasonably required in connection therewith, provided Seller shall not be obligated to incur any monetary costs associated therewith. Such plat approval is referred to herein as the “Final Plat Approval”.

3.7. Financing. Buyer shall have received, on or before the Due Diligence Date, such commitments for debt and/or equity financing necessary and sufficient, in Buyer’s sole discretion, to complete the purchase of the Property and for Buyer to utilize the Property for its intended purpose.

3.8. Seller Easements and Title Work.

3.8.1. Seller has informed Buyer of, the intention to create a public right-of-way within the Real Property (“Woodbine Street NW Extension”), the approximate location, scope and nature of such roadway extension as depicted in **Exhibit C**, attached hereto, and the existence of current and pending title issues impacting the Real Property pursuant to Land Title Registration Action, Anoka County Court File No. 02-CV-24-403 (“Seller’s Title Action”). Pursuant to this action and Woodbine Street NW Extension, portions of the Real Property may either be conveyed or subject to easements in favor of third parties or the public. These easements and conveyances are in Seller’s discretion and Buyer’s obligation under this Agreement through the Closing Date, or if applicable, the Outside Closing Date, are contingent upon Buyer’s acceptance of the resolution of this action and the final legal description of the Real Property. If by the Closing Date, or if applicable, the Outside Closing Date, Buyer is not satisfied with the resolution of Seller’s Title Action or the proposed final legal description of the Real Property, Buyer can terminate this Agreement and receive a refund of any Refundable Earnest Money.

Buyer shall either satisfy or waive each of the Buyer Contingencies in this Section 3 on or before the Due Diligence Date, the Closing Date or Outside Closing Date, as applicable, or, in the alternative, may elect to terminate this Agreement by providing written notice of such election to Seller (“Termination Notice”) on or before the Due Diligence Date, the Closing Date or Outside Closing Date, as applicable. If Buyer provides such Termination Notice on or before the Due Diligence Date, the Closing Date or Outside Closing Date, as applicable, the Refundable Earnest Money shall be promptly refunded to the Buyer, the remainder of the Earnest Money shall be retained by Seller and neither Buyer nor Seller

shall have any further obligations under this Agreement, except as may relate to indemnification and holding Seller harmless regarding Buyer's access to the Property. If Buyer does not provide such Termination Notice on or before the Due Diligence Date, the Closing Date or Outside Closing Date, as applicable, the Earnest Money shall then be nonrefundable to Buyer except in the event of a Seller default under this Agreement.

4. Site Work.

4.1. Seller shall at Seller's sole cost and expense shall complete the following work (collectively, "Seller's Work"):

4.1.1. Stubbing of utilities located within the adjacent Woodbine St. NW Extension, constructed as part of the Woodbine St. NW Extension, or otherwise reasonably adjacent to, the boundary line of the Real Property;

4.1.2. Clearing of material trees and shrubs;

4.1.3. Ensure water runoff is addressed by adding reasonable rock or vegetative cover; and

4.1.4. Rough grading of the Real Property to a flat surface.

4.2. Seller's Work may be restricted or limited in relation to any current or necessary future wetland or pond. Additionally, Seller's Work specifically excludes any material removal or addition of dirt or fill; grading to any specific elevation; compacting or otherwise addressing soil conditions; and creating a building pad or area suitable for construction of improvements.

4.3. Seller's Work and Seller's Title Action shall be substantially complete prior to the Due Diligence Date and completed prior to Closing, subject to reasonable delays as are necessary to accommodate the approval and construction of the Woodbine St. NW Extension or completion of the title action. In the event Seller's Work or Seller's Title Action is not complete prior to Closing, the Closing Date will automatically extend until after the completion of Seller's Work or Seller's Title Action, not to exceed ninety (90) days past the original Closing Date (the "Outside Closing Date").

5. Closing. The closing of the purchase and sale contemplated by this Agreement (the "Closing Date") shall occur on the date that is thirty (30) days after the Due Diligence Date, or such earlier or later date as selected by Buyer and agreed to by Seller upon ten (10) business days' prior written notice to Seller.

5.1. The Closing Date may be extended by Seller up to ninety (90) days after the Closing Date to accommodate the completion of Seller's Work, construction of the Woodbine St. NW Extension and the resolution of Seller's Title Action to the Outside Closing Date.

6. Closing Documents.

6.1. Seller's Closing Documents. On the Closing Date, Seller shall execute, as applicable, and deliver to Buyer the following (collectively, "Seller's Closing Documents"), all in form and content reasonably satisfactory to Buyer:

6.1.1. Deed. A Quit Claim Deed, substantially in the form attached hereto as **Exhibit D**, conveying the Real Property to Buyer, free and clear of all encumbrances, except the Permitted Encumbrances (hereafter defined), which deed shall be subject to, and conditioned upon compliance with the Development Contract Performance Agreement.

6.1.2. FIRPTA Affidavit. A non-foreign affidavit, properly executed, containing such information as is required by Section 1445(b)(2) of the Internal Revenue Code of 1986, as amended (the "Code"), and its regulations.

6.1.3. Bring Down Certificate. A Certification to Buyer whereby Seller shall certify that the representations and warranties set forth in Section 10.1 of this Agreement are true and correct as of the Closing Date.

6.1.4. Seller's Affidavit. A standard and customary title insurance affidavit as is customarily required by Title Company, duly executed by Seller, in the form and content satisfactory to Seller and Title Company and which may be sufficient to allow Title to remove the standard exceptions from the Title Commitment (other than the exception for matters disclosed by a survey).

6.1.5. IRS Reporting Form. The appropriate Federal Income Tax reporting form, if any is required.

6.1.6. Certificate of Real Estate Value. All documents and information reasonably required by Title to complete the electronic Certificate of Real Estate Value, if required.

6.1.7. Other Documents. All other customary and standard documents reasonably determined by Buyer or Title Company to be necessary to transfer the Property.

6.2. Buyer's Closing Documents. On the Closing Date, Buyer will execute and deliver to Seller the following (collectively, "Buyer's Closing Documents"):

6.2.1. Purchase Price. Funds representing the remaining portion of the Purchase Price to be paid in U.S. Federal Funds either in cash or otherwise available funds, by wire transfer.

6.2.2. Bring Down Certificate. A Certification to Buyer whereby Seller shall certify that the representations and warranties set forth in Section 10.2 of this Agreement are true and correct as of the Closing Date.

6.2.3. Certificate of Real Estate Value. All documents and information reasonably required by Title to complete the electronic Certificate of Real Estate Value, if required.

6.2.4. Development Contract Performance Agreement. A Development Contract Performance Agreement, substantially in the form of **Exhibit E**, attached hereto. The Development Contract Performance Agreement attached hereto as Exhibit E shall represent the minimum requirements of the EDA but additional terms and provisions may be required by the EDA depending upon approval of tax increment financing or other future approvals which may occur based upon terms sought by Buyer.

6.2.5. Other Documents. All other documents reasonably determined by Title Company to be necessary to transfer the Property

7. Prorations. Seller and Buyer agree to the following prorations and allocation of costs regarding this Agreement:

7.1. Title Insurance and Closing Fee. Buyer will pay the costs of the Title Commitment. Buyer will pay the cost of any updates to the Existing Survey, as hereinafter defined, if any, or the cost to obtain a new survey, and the premium for Buyer's standard coverage Title Policy. Seller and Buyer will each pay one-half of any closing fee or charge imposed by any closing agent or by Title Company.

7.2. Deed Tax and Recording Fees. Seller shall pay all State Deed Tax payable in connection with this transaction. Buyer shall be responsible for mortgage registration tax and recording fees. Notwithstanding the foregoing, Seller will pay any recording fees in connection with the release of any mortgages, liens and encumbrances and security interests against the Property.

7.3. Real Estate Taxes and Special Assessments. All real estate taxes payable and special assessments certified for payment in the years prior to the year in which the Closing occurs shall be paid by Seller, including deferred taxes that become payable upon recording of the Deed by Buyer. Real estate taxes payable and special assessments certified for payment in the year in which Closing occurs shall be pro-rated based upon the Closing Date for the calendar year in which Closing occurs. Special assessments which are pending as of the Closing Date, shall be paid by Buyer. Seller shall promptly notify the Buyer of its receipt of any information related to any special assessments pending between the Effective Date and the Closing Date. Special assessments which become levied or pending after the Closing Date and any other special assessments the payment of which is not otherwise provided for, shall be paid by Buyer. Real estate taxes payable in the year following the year in which Closing occurs and thereafter shall be paid by Buyer.

7.4. Other Costs. The amount due on any gas, electric, water, sewer, or other utility bill, or service contract relating to the Property shall be prorated between Seller and Buyer as of the Closing Date.

7.5. Attorney's Fees. Each of the parties will pay its own attorney's fees, except that a party defaulting under this Agreement or any Closing Document will pay the reasonable attorneys' fees and court costs incurred by the non-defaulting party to enforce its rights hereunder.

8. Title Examination. Title Examination will be conducted as follows:

8.1. Seller's Title Evidence. Buyer shall, at Buyer's expense and within thirty (30) days after the Effective Date, order a commitment ("Title Commitment") for the most recent form of ALTA Owner's Policy of Title Insurance insuring title to the Real Property, in the amount of the Purchase Price, issued by the Title Company. Seller shall deliver its most recent ALTA survey of the Property ("Existing Survey"), if any, to Buyer within five (5) days after the Effective Date. Buyer shall update the Existing Survey, if any, or obtain a new survey and have it certified to Buyer, at Buyer's sole cost and expense (the Existing Survey together with any new or updated survey are collectively referred to herein as the "Survey". The Survey together with the Title Commitment, the "Title Evidence").

8.2. Buyer's Objections. On or before the date which is fifteen (15) days after the receipt of the Title Commitment, Buyer shall make written objections ("Objections") to the form and/or contents of the Title Evidence. Buyer's failure to make Objections within such time period will constitute a waiver of Objections. Any matter shown on such Title Evidence and not objected to by Buyer or waived by Buyer shall be a "Permitted Encumbrance" hereunder. The Woodbine St. NW Extension and the existing Ambassador Blvd. NW will be included as Permitted Encumbrances. Seller will have until sixty (60) days after receipt of the Objections to cure the Objections (the "Cure Period"). Seller shall not be obligated to cure any Objections. If the Objections are not cured within the Cure Period, Buyer will have the option to do any of the following on or before the Due Diligence Date:

8.2.1. Terminate this Agreement and receive a refund of the Refundable Earnest Money.

8.2.2. Waive the Objection(s) and proceed to the Closing.

9. Operation Prior to Closing. During the period from the date of Seller's acceptance of this Agreement to the Closing Date (the "Executory Period"), except as required pursuant to the resolution of Seller's Title Action and required for the completion of Seller's Work, Seller covenants to comply with the following conditions:

9.1. Seller shall refrain from executing any leases that are not terminable on or before the Closing Date without the consent of Buyer.

9.2. Without obtaining the prior written consent of Buyer, Seller shall refrain (i) from creating any mortgage, easement, lien, pledge or any other encumbrance in any way affecting the Property which cannot be removed at Closing at Seller's expense, (ii) from conveying any interest in the Property, and/or (iii) from entering into any other contracts or agreements pertaining to the Property, except contracts or agreements which are consistent with Buyer's rights hereunder and that may be terminated on or prior to the Closing Date.

9.3. Seller shall refrain from committing any waste or nuisance upon the Property.

9.4. Seller shall not market the Property for sale and/or enter into agreements with any third parties for the sale of the Property unless Buyer and Seller in writing terminate this Agreement.

10. Representations, Warranties and AS-IS.

10.1. Representations by Seller. Seller represents to the best of the knowledge of Seller to Buyer as of the Effective Date and the Closing Date as follows:

- 10.1.1. Title to Property. Seller has good and marketable, fee simple title to the Property, subject only to the encumbrances of record, which may become Permitted Encumbrances and encumbrances that are intended to arise, or may arise, through registration of the Real Property and granting of a public roadway related to the Woodbine St NW Extension.
- 10.1.2. Proceedings. Except for Seller's Title Action, there is no action, litigation, investigation, condemnation or proceeding of any kind pending or, to the best of Seller's knowledge, threatened in writing against Seller or any portion of the Property.
- 10.1.3. No Conflict or Lien. Neither the execution or delivery of this Agreement nor the consummation of the transaction as contemplated herein will conflict with or result in a breach of any contract, license or undertaking to which Seller is a party or by which any of its property is bound, or constitute a default thereunder or, except as contemplated herein, result in the creation of any lien or encumbrance upon the Property.
- 10.1.4. No Condemnation. Seller has not received any written notice of any pending or threatened condemnation or similar proceeding or pending public improvements to or adjoining the Property which will in any manner affect the Property.
- 10.1.5. Status. The St. Francis Economic Development Authority is duly organized, validly existing and in good standing under the laws of the State of Minnesota, to the extent required, is duly qualified to transact business in the State of Minnesota and has the requisite power and authority to carry on its business as now conducted.
- 10.1.6. Due Authorization. This Agreement has been duly authorized, executed, and delivered by Seller, is (subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar federal or state laws affecting creditors' rights generally) the legal, valid and binding obligation of Seller and does not violate any provision of Seller's organizational documents or any agreement or judicial order to which Seller is a party or to which Seller or the Property, or any portion thereof, are subject. The consents of no other parties are required as a condition to the Closing.

- 10.1.7. FIRPTA. Seller is not a “foreign person”, as such term is defined in Internal Revenue Code Section 1445.
- 10.1.8. Wells. To the best of Seller’s actual knowledge and except as otherwise disclosed on previous filed well disclosure certificates there are no wells located on the Real Property.
- 10.1.9. Unpaid Labor and Materials. Seller is not indebted for labor or material (or will not be, as of the Closing Date) that might give rise to the filing of notice of mechanic’s lien against the Real Property.
- 10.1.10. Unrecorded Agreements. To the best of Seller’s knowledge, there are no unrecorded agreements, undertakings or restrictions which affect the Property.
- 10.1.11. Leases. As of the Closing Date, there are no leases affecting the Property and no rights of any other parties except the Seller in the Property.
- 10.1.12. Operations. Seller has not received written notice of (i) any actual or threatened cancellation or suspension of any utility services for any portion of the Real Property or (ii) violations of any contractual obligations of Seller encumbering the Real Property.
- 10.1.13. Environmental Laws. To Seller’s actual knowledge, except as disclosed in any environmental reports included within the Seller’s Documents, Seller has not generated, treated, stored, transferred from, released or disposed of, or otherwise placed, deposited hazardous substances in violation of any applicable federal, state or local environmental laws (“Hazardous Substances”) in or located on the Property, and Seller has not undertaken any activity on the Property that would cause or contribute to the Property becoming a treatment, storage or disposal facility within the meaning of, or otherwise bring the Property within the ambit of, any applicable laws relating to the protection of the environment. To Seller’s actual knowledge, except as disclosed in any environmental reports included within the Seller’s Documents, no Hazardous Substances have been released in or on the Property in violation of any Regulations relating to the protection of the environment. To Seller’s actual knowledge, except as disclosed in any environmental reports included within the Seller’s Documents, the Property is not now, and never has been, listed on any list of sites contaminated with Hazardous Substances, nor used as landfill, dump, disposal or storage site for Hazardous Substances.
- 10.1.14. Additional Interests. There are no property interests or other improvements that are owned by Seller and which are necessary or useful for the operation of the Property that are not being conveyed pursuant to this Agreement.

10.2. Representations and Warranties by Buyer. Buyer represents and warrants to Seller as of the Effective Date and the Closing Date:

10.2.1. Status. Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Minnesota, to the extent required, is duly qualified to transact business in the State of Minnesota and has the requisite power and authority to carry on its business as now conducted.

10.2.2. Due Authorization. This Agreement has been duly authorized, executed, and delivered by Buyer, is (subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar federal or state laws affecting creditors' rights generally) the legal, valid and binding obligation of Buyer and does not violate any provision of Buyer's organizational documents or any agreement or judicial order to which Buyer is a party or to which Seller or the Property, or any portion thereof, are subject. The consents of no other parties are required as a condition to the Closing.

10.2.3. Development Contract Performance Agreement. Buyer has, or will have prior to the Date of Closing, the ability to commence construction and to otherwise perform under the Development Contract Performance Agreement attached hereto as **Exhibit E**.

10.3. AS-IS. Notwithstanding and provision to the contrary, the Real Property is sold and conveyed AS-IS and with all faults. Buyer shall determine the status and condition of the Real Property and satisfy itself as to the status and condition of the Real Property on or before the Date of Closing. Seller makes no representation or warranty regarding the status and condition of the Real Property or suitability for any particular use, except as may be specified hereinabove in Section 10.1.

11. Casualty; Condemnation. If all or any part of the Property is damaged by fire, casualty, the elements or any other cause, Seller shall immediately give notice to Buyer, and Buyer shall have the right to terminate this Agreement and receive a refund of all Earnest Money by giving notice within thirty (30) days after Seller's notice. If Buyer shall fail to give the notice, then the parties shall proceed to Closing, and Seller shall assign to Buyer all rights to insurance proceeds resulting from such event. If eminent domain proceedings are threatened in writing or commenced against all or any part of the Property, Seller shall immediately give notice to Buyer, and Buyer shall have the right to terminate this Agreement and receive back all Earnest Money by giving notice within thirty (30) days after Seller's notice. If Buyer shall fail to give the notice, then the parties shall proceed to Closing, and Seller shall assign to Buyer all rights to appear in and receive any award from such proceedings.

12. Broker's Commission. Seller and Buyer represent to each other that they have not dealt with brokers, finders or the like in connection with this transaction. Buyer and Seller agree to indemnify and hold each other harmless from all claims, damages, costs or expenses of or for any other such fees or commissions resulting from their actions or agreements regarding the execution or performance of this Agreement, and will pay all costs of

defending any action or lawsuit brought to recover any such fees or commissions incurred by the other party, including reasonable attorneys' fees.

13. Assignment. Seller may not assign its rights under this Agreement before or after the Closing. Buyer may assign its rights under this Agreement to an entity owned or managed by, or under common ownership and control with, Buyer without Seller's prior written consent, but upon written notice to Seller. Any such assigning party shall provide to the other party, a written assignment and assumption of the Agreement. No assignment will relieve the assigning party of its obligations under this Agreement.

14. Notices. Any notice required or permitted hereunder shall be given by personal delivery upon an authorized representative of a party hereto; or if mailed in a sealed wrapper by United States registered or certified mail, return receipt requested, postage prepaid; or if transmitted by facsimile copy or email copy; or if deposited cost paid with a nationally recognized, reputable overnight courier, properly addressed as follows:

If to Buyer: North Shore Development Partners LLC
235 Lake Street East, Suite 300
Wayzata, Minnesota 55391
Attn: Matthew Alexander
Phone: (612) 604-6657
Email: malexander@northshoredp.com

With a copy to: Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, Minnesota 55402
Attn: Stephanie Murphy
Phone: (612) 604-6517
Email: smurphy@winthrop.com

If to Seller: The St. Francis Economic Development Authority
3750 Bridge St. NW
St. Francis, MN 55070
Attn: Kate Thunstrom
Phone: 763-267-6191
Email: Kate.Thunstrom@stfrancismn.org

With a copy to: Barna, Guzy & Steffen, Ltd.
200 Coon Rapids Blvd., Suite 400
Coon Rapids, MN 55433
Attention: Timothy Erb
Phone (763-218-9768)
Email: terb@bgs.com

Notices shall be deemed effective on the earlier of the date of receipt or the date of deposit facsimile or email, as aforesaid; provided, however, that if notice is given by deposit, facsimile or email, the time for response to any notice by the other party shall commence

to run one business day after any such deposit. Any party may change its address for the service of notice by giving notice of such change ten (10) days prior to the effective date of such change.

15. Miscellaneous. The paragraph headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement, and are not to be considered in interpreting this Agreement. This written Agreement constitutes the complete agreement between the parties and supersedes any prior oral or written agreements between the parties regarding the Property. There are no verbal agreements that change this Agreement, and no waiver of any of its terms will be effective unless in a writing executed by the parties. This Agreement binds and benefits the parties and their successors and assigns. This Agreement has been made under the laws of the State of Minnesota and such laws will control its interpretation.

16. Remedies.

16.1. If Buyer defaults in its obligation to proceed to the Closing in accordance with the terms of this Agreement and fails to cure such default within ten (10) days after being notified in writing thereof, Seller shall be entitled, as its sole and exclusive remedy, to terminate this Agreement and to retain the Earnest Money as liquidated damages. The parties agree that in the event of default by Buyer, subject to the expiration of the cure period above, Seller's damages will be difficult or impractical to ascertain and the Earnest Money will be deemed to constitute a reasonable estimate of Seller's damages and shall not be deemed to constitute a forfeiture or penalty. Seller shall not have the right to recover any other damages of any kind from Buyer or to obtain other equitable adjustment to the terms of the sale of the Property. Any limitation on damages shall not apply to Buyer's indemnification obligations contained in Section 3.4 or elsewhere in this Agreement.

16.2. If Buyer has performed all of its obligations under this Agreement and complied with all terms and conditions hereunder, and Seller defaults on any of its material obligations under this Agreement and fails to cure such default within ten (10) days after receiving written notice thereof, Buyer shall be entitled to exercise either of the following remedies, (i) to terminate the Agreement, whereupon the Earnest Money shall be immediately returned to Buyer, and neither party shall have any further liability or obligation to the other, except for the provisions of this Agreement which are expressly stated to survive the cancellation/termination of this Agreement; or (ii) to apply for and to receive from a court of competent jurisdiction equitable relief by way of specific performance to enforce Seller's performance of the terms of this Agreement, provided that any action for specific performance must be filed and served upon Seller within sixty (60) days after Seller's alleged default, otherwise Buyer shall be deemed to have elected to proceed in accordance with Section 16.1 (i) above.

17. Counterparts. This Agreement may be executed in any number of identical counterparts, and each counterpart hereof shall be deemed to be an original instrument, but all counterparts hereof taken together shall constitute but a single instrument. Executed copies hereof may be delivered by telecopy or email, and, upon receipt, will be deemed originals and binding upon the parties hereto.

18. Time of the Essence. All times, wherever specified herein for the performance by Seller or Buyer of their respective obligations hereunder, are of the essence of this Agreement.

[The remainder of this page has been left intentionally blank.]

SIGNATURE PAGE TO PURCHASE AGREEMENT

Seller and Buyer have executed this Agreement as of the date first written above.

SELLER:

**ST FRANCIS ECONOMIC DEVELOPMENT
AUTHORITY,**
a public body corporate and politic under the laws
of Minnesota

By: _____
Kate Thunstrom
Its: Executive Director

BUYER:

**NORTH SHORE DEVELOPMENT
PARTNERS LLC,**
a Minnesota limited liability company

By: _____
Matt Alexander
Its: President

ACKNOWLEDGEMENT OF TITLE COMPANY

The Title Company hereby accepts the Earnest Money in the amount of \$10,000.00 from Buyer and agrees to deposit and disburse the Earnest Money in accordance with the terms of this Agreement.

TITLE COMPANY:

GUARANTY COMMERCIAL TITLE COMPANY

By: _____
Name: _____
Its: _____

Date signed by Title Company
_____, 2025

EXHIBIT A

(Legal Description)

That part of the East Half of the Southwest Quarter of Section 32, Township 34, Range 24, Anoka County, Minnesota, described as follows:

Commencing at the Southwest corner of the Southwest Quarter of said Section 32; thence North 89 degrees 44 minutes 11 seconds East, assumed bearing, along the South line of said Southwest Quarter, a distance of 1743.95 feet; thence North 00 degrees 34 minutes 41 seconds West, a distance of 857.96 feet; thence South 89 degrees 14 minutes 46 seconds West, a distance of 65.00 feet; thence continuing South 89 degrees 14 minutes 46 seconds West, along the South line of the land described in Certificate of Title No. 102783, a distance of 115.50 feet to the Southwest corner of the land described in Certificate of Title No. 102783; thence North 00 degrees 40 minutes 29 seconds West, along the West line of the land described in Certificate of Title No. 102783, a distance of 130.00 feet to the Northwest corner of the land described in Certificate of Title No. 102783 and the point of beginning of the land to be described; thence North 89 degrees 14 minutes 46 seconds East, along the North line of the land described in Certificate of Title No. 102783, a distance of 115.50 feet to a judicial landmark set pursuant to Torrens Case No. C9-93-655; thence North 89 degrees 14 minutes 46 seconds East, a distance of 65.00 feet; thence South 00 degrees 40 minutes 29 seconds East, a distance of 130.00 feet; thence North 89 degrees 14 minutes 46 seconds East, a distance of 65.84 feet; thence North 00 degrees 30 minutes 51 seconds West, a distance of 215.52 feet; thence North 89 degrees 49 minutes 19 seconds East, a distance of 132.20 feet; thence North 00 degrees 32 minutes 10 seconds West, a distance of 231.49 feet to a point to be hereafter referred to as "Point A"; thence South 89 degrees 24 minutes 37 seconds West a distance of 98.22 feet; thence North 00 degrees 41 minutes 51 seconds West, a distance of 296.84 feet; thence South 89 degrees 43 minutes 52 seconds West, a distance of 339.74 feet; thence South 00 degrees 34 minutes 35 seconds East, a distance of 98.74 feet; thence South 89 degrees 24 minutes 37 seconds West, a distance of 150.00 feet to a point to be hereafter referred to as "Point B"; thence South 00 degrees 34 minutes 35 seconds East, a distance of 100.00 feet; thence North 89 degrees 24 minutes 37 seconds East, a distance of 150.00 feet; thence South 00 degrees 34 minutes 35 seconds East, a distance of 100.00 feet to the intersection with a line which bears South 89 degrees 24 minutes 37 seconds West from said "Point A"; thence South 89 degrees 24 minutes 37 seconds West, a distance of 35.83 feet to a point that is South 89 degrees 24 minutes 37 seconds West, 474.41 feet from said "Point A"; thence South 00 degrees 34 minutes 35 seconds East, a distance of 164.96 feet; thence North 89 degrees 24 minutes 37 seconds East, a distance of 29.97 feet; thence South 00 degrees 31 minutes 08 seconds East, a distance of 52.00 feet; thence North 89 degrees 14 minutes 46 seconds East, a distance of 65.17 feet to a line which bears North 00 degrees 40 minutes 29 seconds West from the point of beginning; thence South 00 degrees 40 minutes 29 seconds East, along said line, a distance of 100.00 feet to the point of beginning, Anoka County, Minnesota.

EXHIBIT B

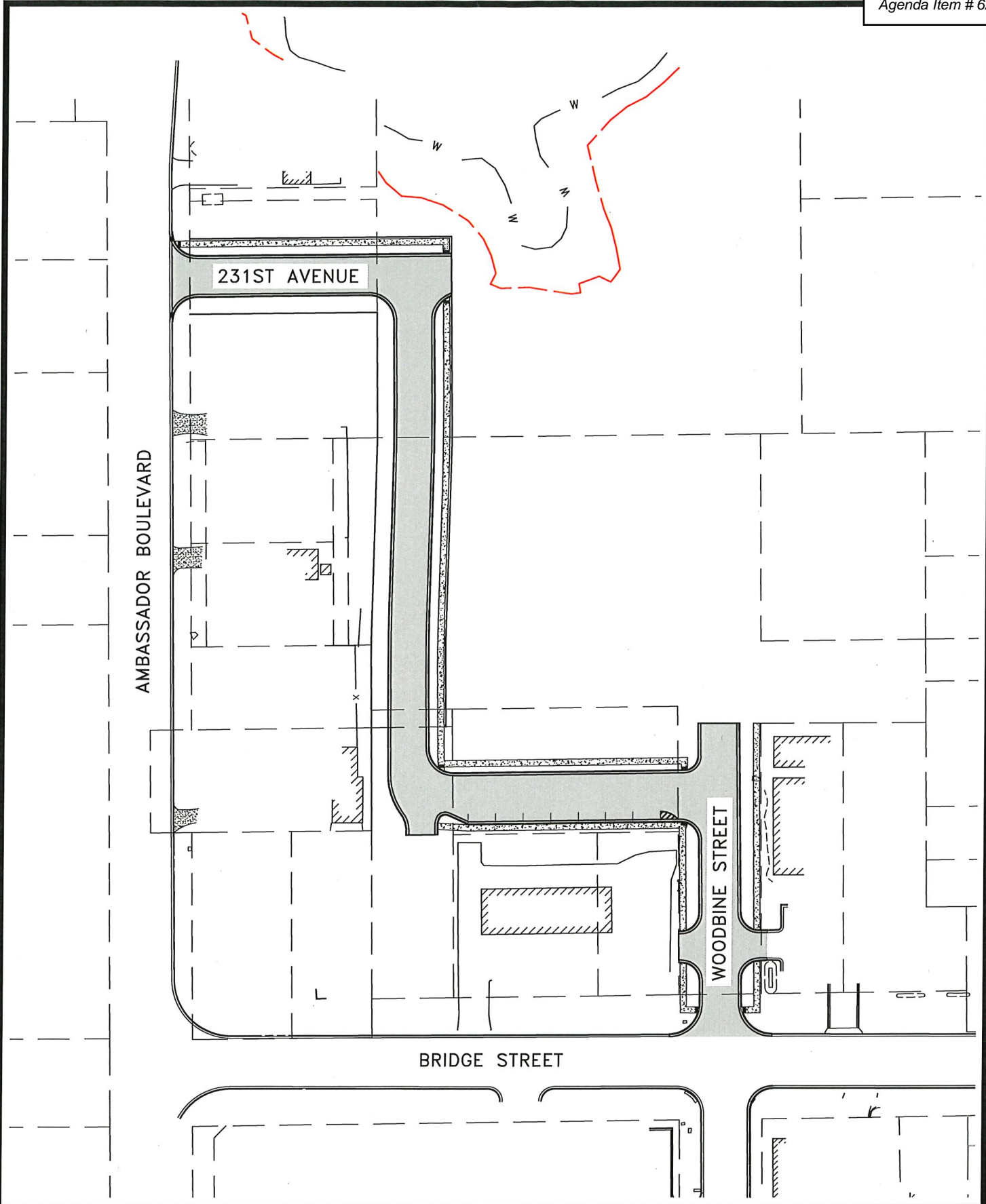
Seller's Documents

1. Existing policies of title insurance for the Real Property and all exception documents referenced therein.
2. Any existing ALTA survey(s) and tree survey(s) of the Real Property.
3. Copies of site, building and civil engineering plans of the Real Property in Seller's possession.
4. Copies of environmental, geological, geotechnical, hazardous material, or soil reports of the Real Property in Seller's possession.
5. Any appraisals and market studies of the Real Property.

EXHIBIT C

Woodbine St. NW Extension

[INSERT DEPICTION OF WOODBINE ST. NW EXTENSION]



Hakanson Anderson
Civil Engineers and Land Surveyors
3601 Thurston Ave., Anoka, Minnesota 55303
763-427-5860 FAX 763-427-0520
www.hakanson-anderson.com

**NORTH WOODBINE EXTENSION
CITY OF ST. FRANCIS, MINNESOTA**

EXHIBIT D

Form of Quit Claim Deed

[INSERT COPY OF QUIT CLAIM DEED]

SCHEDULE B

FORM OF QUIT CLAIM DEED

THIS INDENTURE, between the St. Francis Economic Development Authority, a public body corporate and politic under the laws of Minnesota (the “Grantor”), and North Shore Development Partners LLC, a Minnesota limited liability company (the “Grantee”).

WITNESSETH, that Grantor, in consideration of the sum of \$_____ and other good and valuable consideration the receipt whereof is hereby acknowledged, does hereby grant, bargain, quitclaim and convey to the Grantee, its successors and assigns forever, all the tract or parcel of land lying and being in the County of Anoka and State of Minnesota described as follows, to-wit (such tract or parcel of land is hereinafter referred to as the “Property”):

See Exhibit A attached hereto.

To have and to hold the same, together with all the hereditaments and appurtenances thereunto belonging.

SECTION 1.

It is understood and agreed that this Deed is subject to the covenants, conditions, restrictions and provisions of an agreement recorded herewith entered into between the Grantor and Grantee on the ____ day of _____, 2025, identified as “Development Contract Performance Agreement” (hereafter referred to as the “Agreement”) and that the Grantee shall not convey this Property, or any part thereof, except as permitted by the Agreement until the Satisfaction of Development Contract Performance Agreement (as defined in the Agreement), releasing the Grantee from certain obligations of said Agreement as to this Property or such part thereof then to be conveyed, has been placed of record. This provision, however, shall in no way prevent the Grantee from mortgaging this Property in order to obtain funds for the purchase of the Property hereby conveyed or for erecting the Minimum Improvements thereon (as defined in the Agreement) in conformity with the Agreement, any applicable development program and applicable provisions of the zoning ordinance of the City of St. Francis, Minnesota, or for the refinancing of the same.

It is specifically agreed that the Grantee shall promptly begin and diligently prosecute to completion the development of the Property through the construction of the Minimum Improvements thereon, as provided in the Agreement.

Promptly after completion of the Minimum Improvements in accordance with the provisions of the Agreement, the Grantor will furnish the Grantee with the Satisfaction of Development Contract Performance Agreement. Such Satisfaction of Development Contract Performance Agreement shall be (and it shall be so provided in the satisfaction itself) a

conclusive determination of satisfaction and termination of the agreements and covenants of the Agreement and of this Deed With respect to the obligation of the Grantee, and its successors and assigns, to construct the Minimum Improvements and the dates for the beginning and completion thereof. Such Satisfaction of Development Contract Performance Agreement and such determination shall not constitute evidence of compliance with or satisfaction of any obligation of the Grantee to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance the purchase of the Property hereby conveyed or the Minimum Improvements, or any part thereof.

All satisfactions provided for herein shall be in such form as will enable them to be recorded with the County Recorder and/or Registrar of Titles, Anoka County, Minnesota. If the Grantor shall refuse or fail to provide any such satisfaction in accordance with the provisions of the Agreement and this Deed, the Grantor shall, within thirty (30) days after written request by the Grantee, provide the Grantee with a written statement indicating in adequate detail in what respects the Grantee has failed to complete the Minimum Improvements 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 Granter, for the Grantee to take or perform in order to obtain such certification.

SECTION 2.

The Grantee's rights and interest in the Property are subject to the terms and conditions of the Agreement relating to the Grantor's right to re-enter and revest in Grantor title to the Property under conditions specified therein, including but not limited to the termination of such right upon issuance of a Satisfaction of Development Contract Performance Agreement as defined in the Agreement.

SECTION 3.

The Grantee agrees for itself and its successors and assigns to or of the Property or any part thereof, hereinbefore described, that the Grantee and such successors and assigns shall comply with all provisions of the Agreement that relate to the Property or use thereof for the periods specified in the Agreement.

It is intended and agreed that the above and foregoing agreements and covenants shall be covenants running with the land for the respective terms herein provided, and that they shall, in any event, and without regard to technical classification or designation, legal or otherwise, and except only as otherwise specifically provided in this Deed, be binding, to the fullest extent permitted by law and equity for the benefit and in favor of, and enforceable by, the Grantor against the Grantee, its successors and assigns, and every successor in interest to the Property, or any part thereof or any interest therein, and any party in possession or occupancy of the Property or any part thereof.

In amplification, and not in restriction of, the provisions of the preceding section, it is intended and agreed that the Grantor shall be deemed a beneficiary of the agreements and

covenants provided herein, both for and in its own right, and also for the purposes of protecting the interest of the community and the other parties, public or private, in whose favor or for whose benefit these agreements and covenants have been provided. Such agreements and covenants shall run in favor of the Grantor without regard to whether the Grantor has at any time been, remains, or is an owner of any land or interest therein to, or in favor of, which such agreements and covenants relate. The Grantor shall have the right, in the event of any breach of any such agreement or covenant, to exercise all the rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breach of agreement or covenant, to which it or any other beneficiaries of such agreement or covenant may be entitled; provided that Grantor shall not have any right to re-enter the Property or re-vest in the Grantor the estate conveyed by this Deed on grounds of Grantee's failure to comply with its obligations under this Section 3.

SECTION 4.

This Deed is also given subject to:

- (a) Provision of the ordinances, building and zoning laws of the City of St. Francis, and state and federal laws and regulations in so far as they affect this real estate.
- (b) [TBD after receipt of title work and title objections]
- (c) [Others]

Grantor certifies that it does not know of any wells ort the Property.

IN WITNESS WHEREOF, the Grantor has caused this Deed to be duly executed in its behalf by its Executive Director this ____ day of _____ 2025.

St. Francis Economic Development Authority

BY: _____
Kate Thunstrom
Its: Executive Director

STATE OF MINNESOTA)
)
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____ 2025 by Kate Thunstrom, the Executive Director of the St. Francis Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the Authority.

Notary Public

This instrument was drafted by:

Barna, Guzy, & Steffen, Ltd. (TDE)
400 Northtown Financial Plaza
200 Coon Rapids Blvd.
Minneapolis, MN 55433
763-780-8500
terb@bgs.com

4549777.1

EXHIBIT A

(Legal Description)

That part of the East Half of the Southwest Quarter of Section 32, Township 34, Range 24, Anoka County, Minnesota, described as follows:

Commencing at the Southwest corner of the Southwest Quarter of said Section 32; thence North 89 degrees 44 minutes 11 seconds East, assumed bearing, along the South line of said Southwest Quarter, a distance of 1743.95 feet; thence North 00 degrees 34 minutes 41 seconds West, a distance of 857.96 feet; thence South 89 degrees 14 minutes 46 seconds West, a distance of 65.00 feet; thence continuing South 89 degrees 14 minutes 46 seconds West, along the South line of the land described in Certificate of Title No. 102783, a distance of 115.50 feet to the Southwest corner of the land described in Certificate of Title No. 102783; thence North 00 degrees 40 minutes 29 seconds West, along the West line of the land described in Certificate of Title No. 102783, a distance of 130.00 feet to the Northwest corner of the land described in Certificate of Title No. 102783 and the point of beginning of the land to be described; thence North 89 degrees 14 minutes 46 seconds East, along the North line of the land described in Certificate of Title No. 102783, a distance of 115.50 feet to a judicial landmark set pursuant to Torrens Case No. C9-93-655; thence North 89 degrees 14 minutes 46 seconds East, a distance of 65.00 feet; thence South 00 degrees 40 minutes 29 seconds East, a distance of 130.00 feet; thence North 89 degrees 14 minutes 46 seconds East, a distance of 65.84 feet; thence North 00 degrees 30 minutes 51 seconds West, a distance of 215.52 feet; thence North 89 degrees 49 minutes 19 seconds East, a distance of 132.20 feet; thence North 00 degrees 32 minutes 10 seconds West, a distance of 231.49 feet to a point to be hereafter referred to as "Point A"; thence South 89 degrees 24 minutes 37 seconds West a distance of 98.22 feet; thence North 00 degrees 41 minutes 51 seconds West, a distance of 296.84 feet; thence South 89 degrees 43 minutes 52 seconds West, a distance of 339.74 feet; thence South 00 degrees 34 minutes 35 seconds East, a distance of 98.74 feet; thence South 89 degrees 24 minutes 37 seconds West, a distance of 150.00 feet to a point to be hereafter referred to as "Point B"; thence South 00 degrees 34 minutes 35 seconds East, a distance of 100.00 feet; thence North 89 degrees 24 minutes 37 seconds East, a distance of 150.00 feet; thence South 00 degrees 34 minutes 35 seconds East, a distance of 100.00 feet to the intersection with a line which bears South 89 degrees 24 minutes 37 seconds West from said "Point A"; thence South 89 degrees 24 minutes 37 seconds West, a distance of 35.83 feet to a point that is South 89 degrees 24 minutes 37 seconds West, 474.41 feet from said "Point A"; thence South 00 degrees 34 minutes 35 seconds East, a distance of 164.96 feet; thence North 89 degrees 24 minutes 37 seconds East, a distance of 29.97 feet; thence South 00 degrees 31 minutes 08 seconds East, a distance of 52.00 feet; thence North 89 degrees 14 minutes 46 seconds East, a distance of 65.17 feet to a line which bears North 00 degrees 40 minutes 29 seconds West from the point of beginning; thence South 00 degrees 40 minutes 29 seconds East, along said line, a distance of 100.00 feet to the point of beginning, Anoka County, Minnesota.

Exhibit A to Deed

That part of the East Half of the Southwest Quarter of Section 32, Township 34, Range 24, Anoka County, Minnesota, described as follows:

Commencing at the Southwest corner of the Southwest Quarter of said Section 32; thence North 89 degrees 44 minutes 11 seconds East, assumed bearing, along the South line of said Southwest Quarter, a distance of 1743.95 feet; thence North 00 degrees 34 minutes 41 seconds West, a distance of 857.96 feet; thence South 89 degrees 14 minutes 46 seconds West, a distance of 65.00 feet; thence continuing South 89 degrees 14 minutes 46 seconds West, along the South line of the land described in Certificate of Title No. 102783, a distance of 115.50 feet to the Southwest corner of the land described in Certificate of Title No. 102783; thence North 00 degrees 40 minutes 29 seconds West, along the West line of the land described in Certificate of Title No. 102783, a distance of 130.00 feet to the Northwest corner of the land described in Certificate of Title No. 102783 and the point of beginning of the land to be described; thence North 89 degrees 14 minutes 46 seconds East, along the North line of the land described in Certificate of Title No. 102783, a distance of 115.50 feet to a judicial landmark set pursuant to Torrens Case No. C9-93-655; thence North 89 degrees 14 minutes 46 seconds East, a distance of 65.00 feet; thence South 00 degrees 40 minutes 29 seconds East, a distance of 130.00 feet; thence North 89 degrees 14 minutes 46 seconds East, a distance of 65.84 feet; thence North 00 degrees 30 minutes 51 seconds West, a distance of 215.52 feet; thence North 89 degrees 49 minutes 19 seconds East, a distance of 132.20 feet; thence North 00 degrees 32 minutes 10 seconds West, a distance of 231.49 feet to a point to be hereafter referred to as "Point A"; thence South 89 degrees 24 minutes 37 seconds West a distance of 98.22 feet; thence North 00 degrees 41 minutes 51 seconds West, a distance of 296.84 feet; thence South 89 degrees 43 minutes 52 seconds West, a distance of 339.74 feet; thence South 00 degrees 34 minutes 35 seconds East, a distance of 98.74 feet; thence South 89 degrees 24 minutes 37 seconds West, a distance of 150.00 feet to a point to be hereafter referred to as "Point B"; thence South 00 degrees 34 minutes 35 seconds East, a distance of 100.00 feet; thence North 89 degrees 24 minutes 37 seconds East, a distance of 150.00 feet; thence South 00 degrees 34 minutes 35 seconds East, a distance of 100.00 feet to the intersection with a line which bears South 89 degrees 24 minutes 37 seconds West from said "Point A"; thence South 89 degrees 24 minutes 37 seconds West, a distance of 35.83 feet to a point that is South 89 degrees 24 minutes 37 seconds West, 474.41 feet from said "Point A"; thence South 00 degrees 34 minutes 35 seconds East, a distance of 164.96 feet; thence North 89 degrees 24 minutes 37 seconds East, a distance of 29.97 feet; thence South 00 degrees 31 minutes 08 seconds East, a distance of 52.00 feet; thence North 89 degrees 14 minutes 46 seconds East, a distance of 65.17 feet to a line which bears North 00 degrees 40 minutes 29 seconds West from the point of beginning; thence South 00 degrees 40 minutes 29 seconds East, along said line, a distance of 100.00 feet to the point of beginning, Anoka County, Minnesota.

EXHIBIT E

Form of Development Contract Performance Agreement

[INSERT COPY OF DEVELOPMENT CONTRACT PERFORMANCE AGREEMENT]

30187426v1

(reserved for recording information)

DEVELOPMENT CONTRACT PERFORMANCE AGREEMENT

This Development Contract Performance Agreement (“Agreement”) is made and entered into this ____ day of _____, 2025, by and between the **ST. FRANCIS ECONOMIC DEVELOPMENT AUTHORITY**, a public body corporate and politic under the laws of Minnesota (the “EDA”) and North Shore Development Partners LLC, a Minnesota limited liability company (the “Developer”) for the sale and development of property within the City of St. Francis (the “City”).

1. REQUEST FOR PROPERTY CONVEYANCE. The EDA has agreed to sell and the Developer has agreed to purchase real property legally described on **Exhibit A** (the “Property”).

2. USE OF PROPERTY. The Developer may use the property for the construction, development, sale, and/or rental of an apartment building/apartment units in a manner that conforms with the City of St. Francis Comprehensive Plan and Zoning Ordinance, and any other applicable ordinances which apply to the construction, development, sale and/or rental of an apartment building/apartment units.

3. TRANSFER OF PROPERTY. During the term of this Agreement, the Developer shall not transfer any interest in the Property without the written consent of the EDA, which consent shall not be unreasonably withheld, conditioned or delayed, except that the EDA hereby consents to Developer granting construction and/or permanent mortgages which finance the purchase of the Property and/or finance the construction of the improvements to the Property required by this Agreement, to unaffiliated lenders and to Bridgewater Bank. An unaffiliated lender is a lender

in which Developer, or any of Developer's owners, members, officers, shareholders or board members, have no ownership interest or control, except that the EDA consents to Developer granting a mortgage to Bridgewater Bank. Developer shall notify the EDA in writing within five (5) business days if Developer grants a construction or permanent mortgage to an unaffiliated lender or Bridgewater Bank and shall provide copies of any construction mortgage transferring a secured interest in the Property to the EDA within such timeframe. Any future owner or holder of an interest in the Property takes title or any interest in the Property subject to this Agreement, except that in the event the EDA seeks to declare a breach of any covenant specified herein and/or in any deed conveying title to the Property to Developer and cancel the sale pursuant Minnesota Statutes Sec. 469.105, the EDA shall take title subject to any previously granted construction/permanent mortgage in favor of unaffiliated lenders or Bridgewater Bank as authorized by this Agreement.

4. PLANS & SPECIFICATIONS. The Developer shall construct the apartment building and related site improvements ("Minimum Improvements") as depicted and represented in the plans supplied to the EDA dated _____, 20__ (the "Plans"). Minor adjustments, as determined by the EDA and/or City Zoning Administrator, to the plans may be deemed acceptable by the EDA and/or City's Zoning Administrator in the reasonable discretion of the EDA and/or City Zoning Administrator. Major amendments to the plans or the site shall require approval of the EDA, not to be unreasonably withheld, conditioned or delayed.

5. REQUIRED PERFORMANCE. Within one year from the date of purchase, the Developer shall have begun work on the Minimum Improvements and shall endeavor to substantially complete Phase I of the Minimum Improvements within two years from the date of purchase, as reasonably determined by the EDA. The exterior shell of the apartment building providing a weather tight exterior envelope shall be completed within two years from the date of purchase to evidence substantial completion. Within three years from the date of purchase, the Developer shall have completed Phase II of the Minimum Improvements.

6. FAILURE TO PERFORM. The Developer shall devote the Property to its intended use through compliance with this Agreement. If the Developer fails to comply with this Agreement, the EDA shall notify Developer in writing of such failure and provide Developer with reasonable time to cure so long as Developer is showing progress

towards curing such failure and completing the obligations herein. The EDA may not cancel the sale and retake title to the Property and shall extend the time for Developer to comply so long as Developer has good cause and shows progress towards cure of such failure.

7. **RECORDING.** This agreement shall be recorded against the Property at the expense of Developer.

8. **VIOLATION.** In the event that Developer breaches the required performance herein and the EDA finds it necessary to enforce this Agreement and/or commences an action to cancel the sale, the Developer shall pay the reasonable attorneys' fees incurred by the EDA for enforcement herein and any and all costs incurred by the EDA related to such breach.

9. **NOTICES.** Required notices to the Developer shall be in writing, and shall be either hand delivered to the Developer, its employees or agents, or mailed to the Developer by first class mail at the following address: 235 Lake St. E, Suite 300, Wayzata, MN 55391. Notices to the EDA shall be in writing and shall be either hand delivered to the City Administrator, or mailed to the EDA by certified mail in care of the City Administrator at the following address: St. Francis City Hall, 3750 Bridge Street NW, St. Francis, Minnesota 55070.

10. **MISCELLANEOUS.**

A. Third parties shall have no recourse against the City and EDA under this Agreement.

B. Breach of the terms of this Agreement or the conditions of the Resolution approving this sale by the EDA to the Developer shall be grounds for denial of building permits or issuance of any certificate of occupancy.

C. The action or inaction of the City and/or EDA shall not constitute a waiver or amendment to the provisions of this Agreement. To be binding, amendments or waivers shall be in writing, signed by the parties and approved by written resolution of the EDA. The EDA's failure to promptly take legal action to enforce this Agreement shall not be a waiver or release.

D. Each right, power or remedy herein conferred upon the EDA is cumulative and in addition to every other right, power or remedy, express or implied, now or hereafter arising, available to EDA, at law or in equity, or under any other agreement, and each and every right, power and remedy herein

set forth or otherwise so existing may be exercised from time to time as often and in such order as may be deemed expedient by the EDA and shall not be waiver of the right to exercise at any time thereafter any other right, power or remedy.

E. The Developer may not assign this Agreement to an unaffiliated entity without the prior written permission of the EDA which may be granted or withheld in the sole discretion of the EDA. The Developer's obligation hereunder shall continue in full force and effect until released even if the Developer sells one or more lots, the entire plat, or any part of it.

11. COMPLETION. The Developer shall notify the EDA in writing when the construction of the Minimum Improvements has been completed. If the EDA determines, in its sole and absolute discretion, that (i) the improvements have been constructed in conformity with the Plans, and (ii) the improvements are complete for purposes of issuance a certificate of occupancy, the EDA shall, in accordance with this Agreement, note the completion of the Minimum Improvements herein. Upon completion of Minimum Improvements, reasonable approval of such completion by the EDA and the request of the Developer, the EDA shall furnish to the Developer a Satisfaction of Development Contract Performance Agreement releasing the Property from the terms of this Agreement. Such Satisfaction of Development Contract Performance Agreement shall be in recordable form. Developer shall reimburse EDA for the expense of legal and professional services in preparing the Satisfaction of Development Contract Performance Agreement (which such reimbursement requirement shall survive any release of the Property from the terms of this Agreement).

EDA Signature page to the Development Contract

ST. FRANCIS EDA

BY: _____
Kate Thunstrom, Executive Director

STATE OF MINNESOTA)
)
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2025, by Kate Thunstrom, the Executive Director of the St. Francis Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the a public body corporate and politic under the laws of Minnesota.

NOTARY PUBLIC

Developer Signature page to Development Contract

**DEVELOPER:
NORTH SHORE DEVELOPMENT PARTNERS LLC.**

BY: _____

_____ [PRINT NAME]

Its _____

STATE OF MINNESOTA)
)
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2025,
by _____, the _____ of North Shore Development Partners LLC, a Minnesota
limited liability company, on behalf of the entity.

NOTARY PUBLIC

DRAFTED BY:

BARNA, GUZY & STEFFEN, LTD. (TDE)
400 Northtown Financial Plaza
200 Coon Rapids Boulevard
Coon Rapids, MN 55433(763) 780-8500

EXHIBIT A

(Legal Description)

That part of the East Half of the Southwest Quarter of Section 32, Township 34, Range 24, Anoka County, Minnesota, described as follows:

Commencing at the Southwest corner of the Southwest Quarter of said Section 32; thence North 89 degrees 44 minutes 11 seconds East, assumed bearing, along the South line of said Southwest Quarter, a distance of 1743.95 feet; thence North 00 degrees 34 minutes 41 seconds West, a distance of 857.96 feet; thence South 89 degrees 14 minutes 46 seconds West, a distance of 65.00 feet; thence continuing South 89 degrees 14 minutes 46 seconds West, along the South line of the land described in Certificate of Title No. 102783, a distance of 115.50 feet to the Southwest corner of the land described in Certificate of Title No. 102783; thence North 00 degrees 40 minutes 29 seconds West, along the West line of the land described in Certificate of Title No. 102783, a distance of 130.00 feet to the Northwest corner of the land described in Certificate of Title No. 102783 and the point of beginning of the land to be described; thence North 89 degrees 14 minutes 46 seconds East, along the North line of the land described in Certificate of Title No. 102783, a distance of 115.50 feet to a judicial landmark set pursuant to Torrens Case No. C9-93-655; thence North 89 degrees 14 minutes 46 seconds East, a distance of 65.00 feet; thence South 00 degrees 40 minutes 29 seconds East, a distance of 130.00 feet; thence North 89 degrees 14 minutes 46 seconds East, a distance of 65.84 feet; thence North 00 degrees 30 minutes 51 seconds West, a distance of 215.52 feet; thence North 89 degrees 49 minutes 19 seconds East, a distance of 132.20 feet; thence North 00 degrees 32 minutes 10 seconds West, a distance of 231.49 feet to a point to be hereafter referred to as "Point A"; thence South 89 degrees 24 minutes 37 seconds West a distance of 98.22 feet; thence North 00 degrees 41 minutes 51 seconds West, a distance of 296.84 feet; thence South 89 degrees 43 minutes 52 seconds West, a distance of 339.74 feet; thence South 00 degrees 34 minutes 35 seconds East, a distance of 98.74 feet; thence South 89 degrees 24 minutes 37 seconds West, a distance of 150.00 feet to a point to be hereafter referred to as "Point B"; thence South 00 degrees 34 minutes 35 seconds East, a distance of 100.00 feet; thence North 89 degrees 24 minutes 37 seconds East, a distance of 150.00 feet; thence South 00 degrees 34 minutes 35 seconds East, a distance of 100.00 feet to the intersection with a line which bears South 89 degrees 24 minutes 37 seconds West from said "Point A"; thence South 89 degrees 24 minutes 37 seconds West, a distance of 35.83 feet to a point that is South 89 degrees 24 minutes 37 seconds West, 474.41 feet from said "Point A"; thence South 00 degrees 34 minutes 35 seconds East, a distance of 164.96 feet; thence North 89 degrees 24 minutes 37 seconds East, a distance of 29.97 feet; thence South 00 degrees 31 minutes 08 seconds East, a distance of 52.00 feet; thence North 89 degrees 14 minutes 46 seconds East, a distance of 65.17 feet to a line which bears North 00 degrees 40 minutes 29 seconds West from the point of beginning; thence South 00 degrees 40 minutes 29 seconds East, along said line, a distance of 100.00 feet to the point of beginning, Anoka County, Minnesota.



**ECONOMIC DEVELOPMENT
AUTHORITY
AGENDA REPORT**

TO: Mayor and Council
FROM: Kate Thunstrom, City Administrator
SUBJECT: TIF – For Discussion Only
DATE: February 19, 2025

OVERVIEW:

As the North Shore multi-family project is moving forward and as discussed in past meetings, will be making a Tax Increment Financing (TIF) application. TIF is a complicated subsidy tool that was created in 1979 in Minnesota. Nationally, 49 of the 50 states utilize TIF programs.

An application for this type of funding requires the City utilize our financial advisors, Ehlers, for the process, underwriting and documentation of this process. The application costs cover the expenses of this process.

As this is not the full process or list of details, we are hopeful that it is beneficial when understanding the project request.

- TIF is a financing tool established to support local redevelopment, economic and housing development. As it suggests, TIF enables cities to finance development activities using an incremental portion of the taxes.
- TIF is not a tax reduction; taxes are paid on the full taxable value of the property. The original value continues to be part of the tax base that supports the tax levies of the city, county, school district and other taxing jurisdictions.
- The new, additional value from development activity is “captured” from the tax base which are used to finance qualifying costs that make the new development possible and subject to various restrictions.
- Statute defines the maximum duration for each type of TIF district, but often there are reasons that decertification prior to the maximum duration makes sense and is in the public interest. Many projects refinance prior to the full term.

- For a project to use TIF it must pass a “**But-For**” test. Meaning the development would not happen – but for – the use of TIF. That helps to ensure the use is not capturing tax base that would be available to support local needs without its use. Ehlers reviews all financial records to verify this.
- The city retains a fee to reimburse administrative costs, not to exceed 10%

Statewide Highlights:

- TIF is defined and regulated by the State of Minnesota
- In 2023, 377 cities submitted reports for 1,678 TIF districts.
- Cities are required to complete annual financial reports on TIF districts
- In 2023, 71 new districts were certified with the State. TIF is common.

For the City of St. Francis:

- We had one Housing TIF district that has refinanced and no longer using TIF
- There are no statutory limitations as to how many districts a city can have.
- A base amount will be determined and will remain with the city. The base amount is frozen and does not change.

Attachments:

- City of St. Francis Tax Increment Financing (TIF) Policy
- Ehlers Conference Slides



**CITY OF ST FRANCIS, MINNESOTA
TAX INCREMENT FINANCING (TIF) POLICY**

1) POLICY PURPOSE

For the purposes of this document the term “City” includes the City of St Francis Council, Staff, the Economic Development Authority, Advisory Boards and Commissions, Financial consultants, and legal counsel.

The purpose of this policy is to establish the City of St. Francis’s position related to the use of Tax Increment Financing (TIF) for private development above and beyond the requirements and limitation set forth by State Law. This policy shall be used as a guide in the processing and review of applications requesting tax increment assistance.

The City of St. Francis (City) is granted the power to utilize TIF by the Minnesota Tax Increment Financing Act, Minnesota Statutes 469.174 through 469.1794, as amended. The fundamental purpose of tax increment financing in the City of St. Francis is to encourage desirable development or redevelopment that would not otherwise occur *but for* the assistance provided through TIF.

The City reserves the right to approve or reject projects on a case by case basis, taking into consideration established policies, project criteria, and demand on City services in relation to the potential benefits from the project. Meeting policy criteria does not guarantee the award of business assistance to the project. Approval or denial of one project is not intended to set precedent for approval or denial of another project.

The Council (and EDA Board) can deviate from this policy for projects that supersede the objectives identified herein.

2) OBJECTIVES OF TAX INCREMENT FINANCING

Tax Increment Financing (TIF) uses the increased property taxes generated by new real estate development within a tax increment district to pay for certain eligible costs associated with the development. As a matter of adopted policy, the City will consider using TIF to assist private development projects that will achieve one or more of the following objectives:

- To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits. Preference will be given to higher paying jobs that also provide benefits such as health care coverage.
- Projects that provide value in the forms of needed transportation and other utility infrastructure improvement that would be completed in conjunction with the project.
- To encourage additional unsubsidized private development in the area, either directly or indirectly through “spin-off” development.
- To facilitate the development process and to achieve development on sites which would not otherwise be developed but-for the use of TIF.
- To remove blight and/or encourage redevelopment of commercial and industrial area in the City that result in high quality redevelopment and private reinvestment.

- To offset increased costs of redevelopment (i.e. contaminated site clean-up) over and above the costs normally incurred in development.
- To create opportunities for affordable housing.
- Projects that improve the quality of life in the City by providing a desirable good or service and address an unmet demand in the community.
- To contribute to the implementation of other public policies, as adopted by the city from time to time, such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.

3) USE OF TAX INCREMENT FINANCING

1. When possible, TIF shall be used to finance public improvements associated with the project. The priority for the use of TIF funds is:
 - a. Public improvement, legal, administrative and engineering costs.
 - b. Site preparation, site improvement, land purchase, demolition and environmental remediation.
 - c. Capitalized interest, bonding costs.
2. The following types of TIF districts may be established
 - a. Economic Development Districts (maximum term 9 years)
 - b. Redevelopment Districts (maximum term 26 years)
 - c. Housing Districts (maximum 26 years)
 - d. Renewal and Renovation Districts (maximum term 16 years)
 - e. Other types of TIF districts, along with specific criteria, may be considered on a case by case basis.
3. TIF assistance shall not be provided for reimbursement of land and/or property price that is in excess of fair market value. An appraisal by a third party, agreed upon by the City and Developer, will determine the fair market value of land
4. The City shall retain a fee to reimburse administrative costs up to but not to exceed ten percent (10%) of any tax increment received.
5. Any developer receiving TIF assistance shall provide a minimum of twenty percent (20%) cash equity investment in the project. The TIF assistance shall not be used to supplant cash equity. The City may consider exception for “pay-as-you-go” TIF projects.
6. Developer shall be able to demonstrate a market demand for a proposed project. TIF shall not be used to support purely speculative projects.
7. TIF shall not be utilized in cases where it would create an unfair and significant competitive financial advantage over other projects in the City.
8. TIF shall not be provided for projects that would place extraordinary demands on the city services or for projects that would generate significant environmental impacts.
9. The developer must provide adequate financial guarantees to ensure completion of the project, including, but not limited to: assessment agreements, letter of credit, personal guarantees, etc.
10. The developer shall adequately demonstration, to the City’s sole satisfaction, any ability to complete the proposed project based on past development experience, general reputation and credit history, among other factors, including the size and scope of the proposed project.

11. For the purposes of analyzing the proposal, the developer shall provide any requested market, financial, environmental or other data requested by the City or its consultants.

4) PROJECT QUALIFICATIONS

All TIF projects considered by the City of St. Francis must meet all of the following requirements:

1. To be eligible for TIF, a project shall result in one of the following:
 - a. For Economic Development TIF Districts, new construction of a minimum of 50,000 square foot building
 - b. For Economic Development TIF Districts, the minimum creation of one new or retained full time job per \$15,000 of TIF provided
 - c. For Redevelopment TIF Districts, a minimum value increase of 2 times the current year assessed value, whichever is greater
2. The project shall meet at least **one** of the objectives set forth in Section 2 and satisfy all the provisions set forth in Section 3 of this document.
3. The developer shall demonstrate the project is not financially feasible but-for the use of TIF.
4. The project must be consistent with the City's Comprehensive Plan, Land Use Plan and Zoning Ordinances.
5. The project shall serve at least **two** of the following public purposes:
 - a. Creation of jobs with livable wages and benefits, per City's Business Subsidy Policy.
 - b. Increase tax base.
 - c. Enhancement or diversification of the City's economic base.
 - d. Industrial development that will spur additional private investment in the area.
 - e. The project contributes to the fulfillment of the City's development or redevelopment objectives
 - f. Removal of blight or the rehabilitation of a high profile or priority downtown site.

5) SUBSIDY AGREEMENT & REPORTING REQUIREMENTS

- All developers/businesses receiving tax increment financing assistance from the City of St. Francis shall be subject to the provisions and requirements set forth by State Statute 116J.993 and summarized below. Developers/businesses must also comply with the cities Business Subsidy Policy.
- All developers/businesses receiving TIF assistance shall enter into a Subsidy Agreement with the City of St. Francis that identifies: the reason for the subsidy, the public purpose served by the subsidy, and the goals for the subsidy, as well as other criteria set forth by State Statute 116J.993.
- The developer/business shall file a report annually for two years after the date the benefit is received or until all goals set forth in the application and performance agreement have been met, whichever is later. Reports shall be completed using the format drafted by the State of Minnesota and shall be filed with the City of St. Francis no later than March 1 of each year for the previous calendar year. Businesses fulfilling job creation requirements must file a report to that effect with the City within 30 days of meeting the requirements.
- The developer/business owner shall maintain and operate its facility at the site where TIF assistance is used for a period of five years after the benefit is received.

- The developer/business will be required to attain or exceed the jobs and wage goals set forth in the Subsidy Agreement.
- Developer/Businesses failing to comply with the above provisions will be subject to fines, repayment requirements, and be deemed ineligible by the State of Minnesota to receive any loans or grants from public entities for a period of five years.

6) APPLICATION PROCESS

1. Applicant submits the completed application.
2. City staff reviews the application and completes a project score sheet
3. Results of the score sheet are submitted to the appropriate governing authorities for preliminary approval of the proposal.
4. If preliminary approval is granted, the applicant submits the application fee of \$6,000 for the Tax Increment Financing Plan, along with the all necessary notices, resolutions and certificates as prepared by City staff and/or consultants. The application funds will be placed in a non-interest bearing account and any unused portion of the fee will be returned to the applicant.
5. Notices are published and sent to the county and school board.
6. Public Hearing(s) on the proposed project are held.
7. The City Council grants final approval or denial of the proposal.

*This policy shall be reviewed on a biannual basis with the next review being set forth May 2018

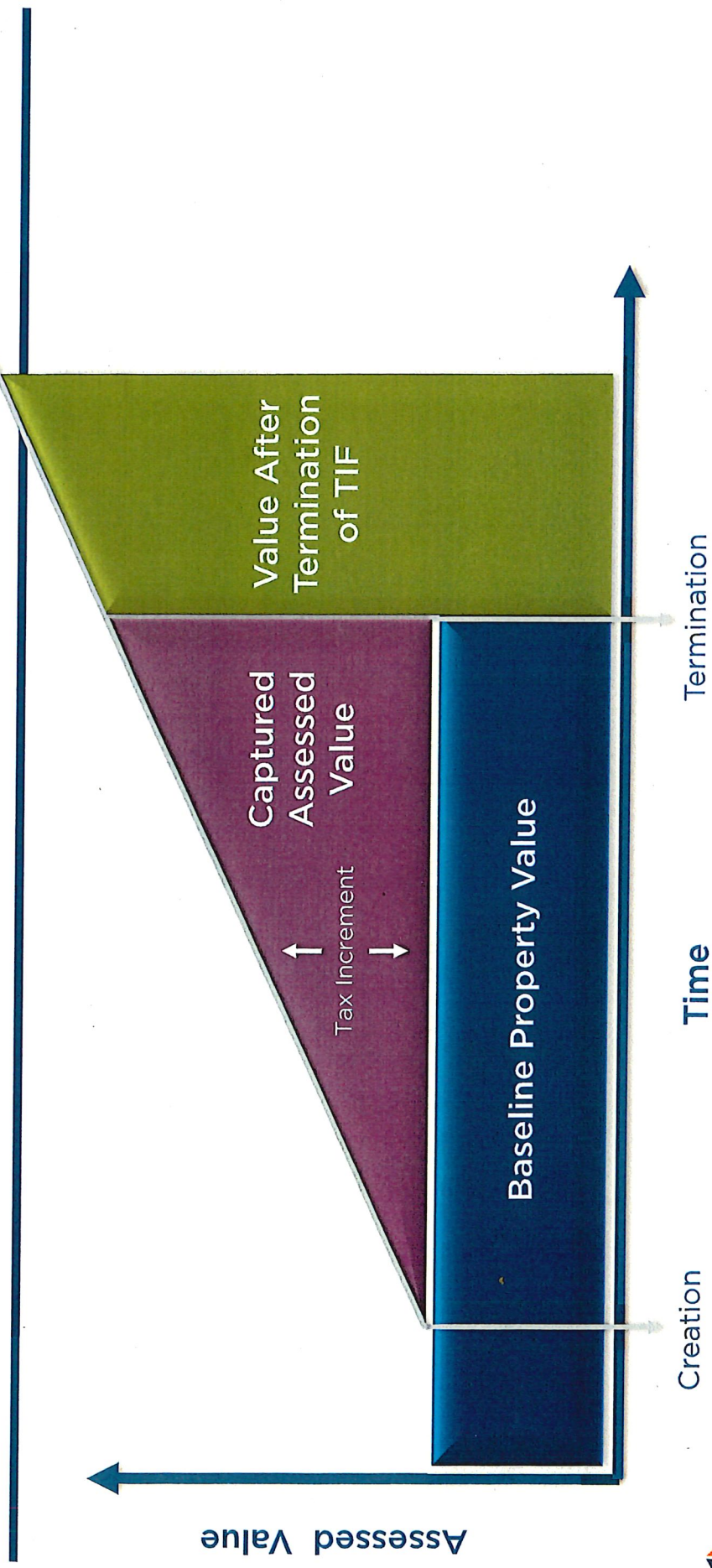
Why is There a Financing Gap?

- Fundamentally:** Financial barriers preventing the private market from developing a site in accordance with City vision
- Contaminated land and/or existence of blighted buildings
 - High development fees
 - Market rents too low
 - Infrastructure costs too high
 - Cheaper alternatives elsewhere
 - City vision incompatible with market

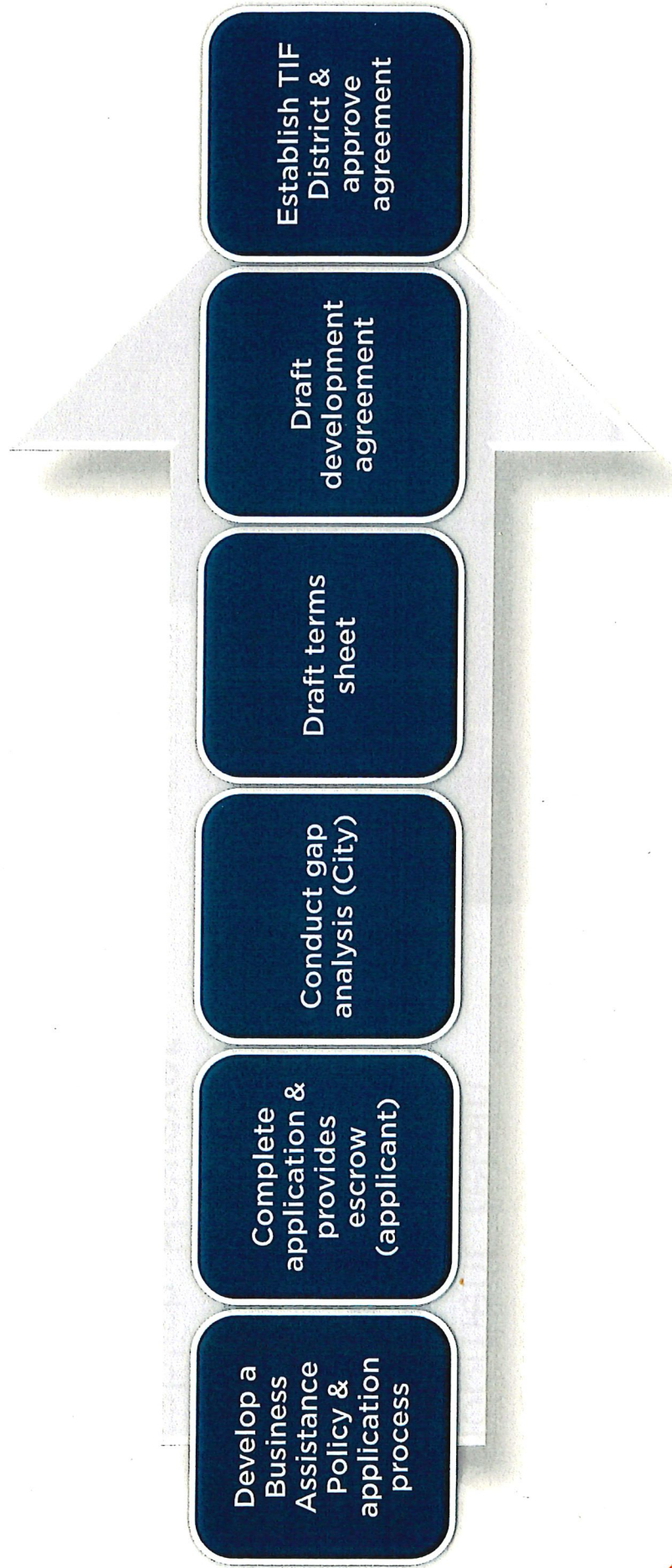
Common Types of Assistance

Purpose	Assistance	Max Term
Substandard or Obsolete Buildings	Redevelopment TIF Renovation & Renewal TIF Tax Abatement	26 16 8-20
Affordable Housing	Housing TIF Econ Dev. - Workforce Housing TIF Tax Abatement	26 9 8-20
Job & Tax Base Creation	Econ. Dev. - TIF Tax Abatement	9 8-20
Business Retention	Tax Abatement	8-20
Public Facilities & Parks	Tax Abatement	8-20

Building Blocks: TIF Cash Flows



Process



Developer Application

Includes project details

- Site information
- Full set of financial projections (pro forma)
- Site plan, building elevations, floor plans, amenities, materials
- Identification of financial need

Developer submits fee, or escrowed deposit, with application

- Covers third party costs for review & implementation

Pro Forma Analysis: How Much is Enough?

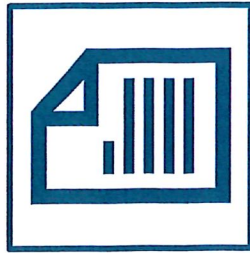
- Review financial information to establish appropriate level of public assistance
 - ✓ Often referred to as “but for” test
- Maximize private funding sources
- Minimize public assistance needed to make a project financially feasible



Qualified Costs Documentation

- TIF may only be spent on qualified costs
- Costs must be verified & documented before issuance of TIF note
 - ✓ Documented costs must be at least as much as TIF note to issue full amount
 - ✓ Documentation includes invoices for work performed & evidence of payment for that work

Notices



Notice to County
Commissioner 30
days prior to hearing
notice publication



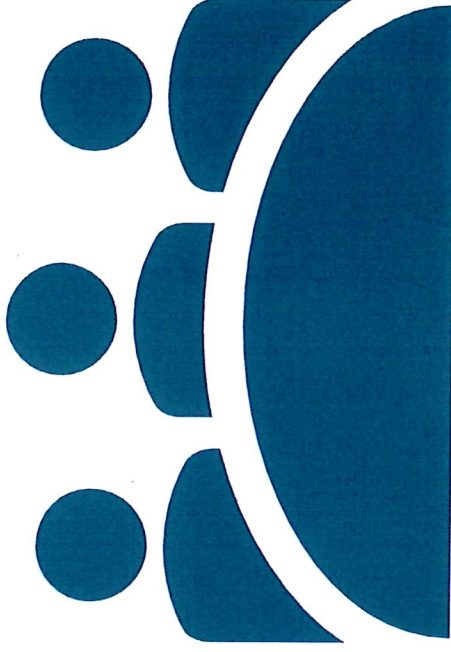
TIF Plan with fiscal
impacts to County &
School Districts 30
days prior to public
hearing



Hearing notice
publication at least
10 days prior to
hearing

Public Hearing

- Council holds public hearing, considers resolution to adopt TIF plan
 - ✓ Type of district
 - ✓ But-for finding (pro forma analysis)
 - ✓ District conforms to general development plan
 - ✓ Plan affords maximum opportunity for city's development needs



Payments

- PAYGO
 - ✓ County calculates and send increment to City
 - ✓ Payments are made semi-annually, defined in TIF agreement
 - August 1 payment made from June tax settlement
 - February 1 payment made from December settlement
 - ✓ Confirm compliance with TIF agreement provisions
- Taxes
 - ✓ Confirm all parcels have paid taxes & how much each paid



ANNUAL REPORT 2024

Respectfully Submitted by:

Kate Thunstrom, SFEDA Executive Director

Economic Development Authority Annual Report for 2024

The City of St. Francis created an Economic Development Authority (SFEDA) for the purpose of encouraging, attracting and promoting development that would support an economically sound industry and commerce for the City. Council established the SFEDA in 2008.

Meetings:

The Economic Development Authority held one meeting in 2024. Meetings and agenda for each meeting were as follows:

- **October 24, 2024**
 - Items discussed included a Letter of Intent with North Shore Development regarding the construction of a multi-family unit housing building on the EDA owned property at 3731 Bridge Street.

Property held by the EDA:

- 3731 Bridge Street – working with North Shore Development Partners
- 3757 and 3765 Bridge Street – no current development discussions, parcels are dependent on road completion to the north happening 2025 by Public Works
- 3518 Bridge – no current development partners

Projects:

- EDA Lunch and Learn – in December staff hosted a lunch and learn for area businesses to gain knowledge on
- Placer.ai – city joined a software program that allows staff to work with developers and businesses on information related to the demographics and shopping habits within the city. This information allows us to target our audience for City events, the Bottle Shop as well as the conversations with businesses on what we are unable to offer in commercial/retail needs and where people are going.

New Commercial growth recognized in 2024:

- Auto Zone – Hwy 47
- Vista Prairie Senior Housing - Hwy 47
- New restaurant in St. Francis Mall and City Centre
- Clinic opened on Bridge Street
- City Hall /Fire Station completed construction November 2024

Financial Update (these figures are unaudited):

Fund Balance on January 1, 2024	\$43,736.24	
Revenues during 2024 included	\$2,595.53	Interest Revenues
Expenses during 2024 included	\$0.00	
Fund Balance on December 31, 2024	\$46,331.77	