

PUBLIC WORKS COMMITTEE
WEDNESDAY, FEBRUARY 12, 2025 4:30 PM
City Hall Council Chambers -

Steve Narverud - Chair
 Julie Bolduc

Michele McCraw
 Scott Pream

1. CALL TO ORDER

2. ROLL CALL

3. APPROVE SUMMARY OF DISCUSSION

4. PRESENTATION/PUBLIC INFORMATION

4.1. Tom Schaefer - St. Bernard's Block Party

5. ECONOMIC/COMMUNITY DEVELOPMENT

5.1. Public Hearing/Amendment to Tower Height Ordinance

5.2. Cannabis Retail Registration Form and Fees

5.3. TIF Agreement with Sanford Health Network North

5.4. Retail Market Study

5.5. Updated Arctic Cat EIA

5.6. Development Updates

5.7. Other

6. PUBLIC WORKS

6.1. RCA - Order refuse bags for 2025 bag-hand out

6.2. RCA - Mowing Contracts: Tractor, and hourly contracts for City of TRF parcels and residential parcel contracts for grass code violations

6.3. TRF Tower height code and other comparable cities codes

6.4. Project updates

- City Hall Renovation
- Library Bathroom
- REA Steps and Sidewalk
- T.H. 59 Corridor update

6.5. Condemnation Update: 517 Crocker Ave S.

7. OTHER

7.1. Day at the Capital Discussion - March 6, 2025

7.2. Committee of the Whole

8. ADJOURNMENT

**NOTICE OF PUBLIC HEARING
CITY OF THIEF RIVER FALLS**

Notice is hereby given, pursuant to Chapter 150.06 of the Thief River Falls City Code, that the City Council will consider the following amendment to the City Code:

An amendment to City Code 150.06.15.b – Regulating and Controlling Towers - *Height Limitations*. The proposed ordinance amendment would increase the maximum allowable height of communication towers to 365 feet. And adopting by reference City Code Chapter 10, which, among other things, contain penalty provisions. The current maximum allowable height of towers is 200 feet.

Notice is further given that the City Council will conduct a hearing on the amendments at 5:30 p.m. on Tuesday, February 18, 2025, in the City Council Chambers, 405 3rd Street East, Thief River Falls, MN. All persons wishing to comment on the amendment will have the option to be heard at that time. Persons who wish to submit written comments prior to the Hearing or who have questions should address them to the office of the Zoning Administrator, City Hall, P.O. Box 528, Thief River Falls, MN 56701, or telephone 218-681-8506.

If you have a disability and need accommodation in order to attend this hearing, please contact the Zoning Administrator at the above address or phone number.

Dated this 31st day of January 2025

CITY OF THIEF RIVER FALLS

/s/ Richard L. Baker
Zoning Administrator

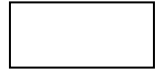
Published in the Wednesday, February 5th edition of The Times.



City of Thief River Falls

ECONOMIC / COMMUNITY DEVELOPMENT DIRECTOR

405 Third Street East • PO Box 528
Thief River Falls MN 56701-0528



PHONE: 218-681-8506
FAX: 218-681-8507
email: rbaker@trfmm.gov
www.trfmm.gov

Request for Council Action

DATE: February 18, 2025

SUBJECT: Amend City Ordinance 150.06 – Regulating and Controlling Towers

RECOMMENDATION: It is respectfully requested that the Council consider the following Planning Commission and Public Works Committee recommendation:

Motion to: Amend City Ordinance 150.06.15.b – *Height Limitations* to read, “The maximum height of towers shall be 365 feet.” And adopting by reference City Code Chapter 10, which, among other things, contain penalty provisions.

BACKGROUND: Wikstrom Telephone Company approached the Planning & Zoning Commission requesting a variance to the maximum height restriction of 200 feet as is currently written in our City Ordinance. They are requesting a tower height of 350 feet. They have been informed that their existing 200’ tower base is sinking, and the tower needs to be replaced. They were asking for a variance to install a new self-supporting 350’ tower in its place. Currently T-Mobile, Ham Radio, and Wiktel Internet Services are provided on this Tower. The new tower would allow Minnkota Power Company to add Microwave to their power plants in NW Minnesota from Crookston.

Three criteria must be applied when cities consider granting a variance:

- 1) Reasonableness – The property owner proposes to use the property in a reasonable manner.
- 2) Uniqueness – The landowner’s problem is due to circumstances unique to the property not caused by the landowner.
- 3) Essential Character – The variance, if granted, will not alter the essential character of the locality.

In this case, the landowner’s problem is not due to circumstances unique to the property but instead caused by the landowner’s desire to build a taller tower to accommodate the location of Minnkota Power Company. Therefore, the request does not fit the criteria for requesting a variance and thus the request from Planning and Zoning to amend our City Ordinances to allow for an increase in the maximum tower height allowed to be set at 365 feet.

KEY ISSUES:

- Currently, Per City Ordinance 150.06.15.b, *Height Limitations* the maximum height allowed is 200 feet.
- City ordinance also states, Tower setbacks shall be setback from all property lines by a minimum distance equal to the height of the tower, plus 10 feet, including all antennas, and attachments. Towers may be located closer to a property line, or public rights-of-way, if the tower is designed and engineered to collapse progressively

within the distance between the tower and property line, which design must be documented by and signed by a qualified professional engineer licensed in Minnesota. In all cases, the tower shall meet the setbacks of the underlying Zoning district.

- If the Ordinance change is approved, Wikstrom Telephone Co, per City Ordinance, would still be required to apply for a Conditional Use Permit and secure a building permit. Before issuing a building permit, proof that the proposed tower complies with regulations administered by the Federal Aviation Administration (FAA) and the Federal Communications Commission (FCC), and others; tower setback requirements, aesthetic requirements to blend into the surrounding environment unless color is dictated by federal or state authorities.
- Fewer Towers is the preference in and near airports and within the city limits of Thief River Falls. Minnkota Power Company has indicated that, if need be, they will build their own separate tower to accommodate their Microwave transmission requirements. The additional tower height is needed because the line-of-sight requirements of Microwave signals and the need to accommodate for the curvature of the earth.
- The requested tower design would be of a tripod design and not a monopole design. Sec. 150.06.6.b of City Code states: Commercial wireless telecommunication service towers shall be of a monopole design unless the city determines that an alternative design would accommodate co-location of additional antennas or would better blend into the surrounding environment.
- Current zoning requirements allow towers to be erected in I-1 Light Industrial Districts and I-2 General Industrial Districts as a conditional use. In the particular instance that is prompting this ordinance change request, the proposed tower is situated on I-2 with R-3 High Density Residential District across the street to the east and north of the property

FINANCIAL CONSIDERATIONS: None

- **LEGAL CONSIDERATION:** A Public Hearing Notice was sent to the Times on January 31, 2025, for publication in their February 5, 2025 edition. Individual mobile homeowners along First Street West, Calumel Ave. S., and Brooks Avenue were notified of the public hearing as a courtesy in case their property owner/ manager failed to notify them.

DEPARTMENT/RESPONSIBLE PERSON: Richard Baker, Economic/Community Development Director

Encl: (1)

Minnesota Cannabis Business License Number: _____

Minnesota Tax ID#: _____ Federal Tax ID#: _____

Business Name: _____

Business Owner(s)/Applicants Name(s) _____

Business Address: _____

Parcel ID Number for the Property _____

Mailing Address (If Different): _____

Phone #: _____ Email Address: _____

Property Owner's Name (If Different): _____

Property Owner's Mailing Address:

Name, Address, email address, and phone number of additional business partners:

Business Manager's Name (If Not the Owner): _____

Applicant Signature

Date



Registration Period and Fee

Initial*

***(The initial registration fee shall include the initial retail registration fee and the first annual renewal fee.)**

- Cannabis Microbusiness (\$0.00)
- Cannabis Mezzobusiness (\$500.00)
- Cannabis Retailer (\$500.00)
- Medical Cannabis Retailer (\$0.00)
- Medical Cannabis Combination Business (\$500.00)
- Lower Potency Hemp Edible Retailer (\$125 per retail location)

Renewal (Beginning in year three (3))

- Cannabis Microbusiness (\$1000.00)
- Cannabis Mezzobusiness (\$1000.00)
- Cannabis Retailer (\$1000.00)
- Medical Cannabis Retailer (\$0.00)
- Medical Cannabis Combination Business (\$1000.00)
- Lower Potency Hemp Edible Retailer (\$125 per retail location)

For City Use:

Is Applicant Current on All Property Tax and Assessments at Retail Location:

Yes No

Preliminary Local Ordinance Compliance: Pass Fail

Notes:

The above-named applicant having paid the appropriate fees, being current on all applicable tax obligations, and having passed a preliminary compliance review, is authorized to engage in retail cannabis sales in the City of Thief River Falls, Minnesota.

Approved By: _____

Title: _____

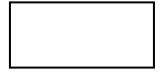
Date: _____



City of Thief River Falls

ECONOMIC / COMMUNITY DEVELOPMENT DIRECTOR

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Thief River Falls MN 56701-0528



PHONE: 218-681-8506
FAX: 218-681-8507
email: rbaker@trfmm.gov
www.trfmm.gov

Request for Council Action

DATE: February 18, 2025

SUBJECT: Adopt Cannabis & Lower-Potency Hemp retail Registration Form and Fees

RECOMMENDATION: It is respectfully requested that the Council consider the following Administrative Committee recommendation to:

Motion to: Adopt the Cannabis & Lower-Potency Hemp retail Registration Form and Fees. And adopting by reference City Code Chapter 10, which, among other things, contain penalty provisions.

BACKGROUND:

Local governments play a critical role in the licensing process, serving as a near-final approval check on cannabis businesses nearing the awarding of a state license for operations. Once an applicant has been vetted by OCM and is selected for proceeding in the verification process, they are then required to receive the local government's certification of zoning compliance and, if applicable, retail registration before operations may commence.

Local retail registration

Once the licensing process begins, local retail registration applies to cannabis retailers or other cannabis/hemp businesses that are seeking a retail endorsement. Local governments issue a retail registration after verifying that the business:

- Has a valid license or license preapproval issued by OCM
- Paid a registration fee or renewal fee to the local government

Initial registration fees collected by a local government may be \$500 or up to half the amount of the applicable initial license fee, whichever is less. Renewal registration fees may be \$1,000 or up to half the amount of the applicable renewal license fee, whichever is less.

- Is found in compliance with state law and local ordinances
- Is current on all property taxes and assessments for the proposed retail location

Local certification of zoning compliance

During the application and licensing process for cannabis businesses, OCM will notify a local government when an applicant intends to operate within their jurisdiction and request a certification as to whether a proposed cannabis business complies with local zoning ordinances, and if applicable, whether the proposed business complies with state fire code and building code. According to Minnesota's cannabis law, a local unit of government has 30 days to respond to this request for certification of compliance. If a local government does not respond to OCM's request for certification of compliance within the 30 days, the cannabis law allows OCM to issue a license. OCM may not issue the final approval for a license if the local government has indicated they are not in compliance.

Compliance checks

Local governments must conduct compliance checks for cannabis and hemp businesses holding retail registration at least once per calendar year. These checks must verify compliance with age verification procedures and compliance with any applicable local ordinances.

KEY ISSUES:

- 1) Per State Statute 342 and the City of Thief River Falls' Cannabis & Lower-Potency Hemp Edibles Ordinance we need to create a Retail Registration Form and may adopt Registration fees which would be used to cover the cost of administration and required yearly compliance checks.

FINANCIAL CONSIDERATIONS: None

LEGAL CONSIDERATION: None

DEPARTMENT/RESPONSIBLE PERSON: Richard Baker, Economic/Community Development Director

Encl: (1)

DRAFT

TAX INCREMENT FINANCING REDEVELOPMENT AGREEMENT

IN

DEVELOPMENT DISTRICT NO. 1

AND

TAX INCREMENT FINANCING DISTRICT NO. 12: SANFORD REDEVELOPMENT

CITY OF THIEF RIVER FALLS,
PENNINGTON COUNTY, MINNESOTA

Between

CITY OF THIEF RIVER FALLS, MINNESOTA

And

SANFORD HEALTH NETWORK NORTH

for the

SANFORD REDEVELOPMENT PROJECT

Dated as of February 1, 2025

This Document Was Drafted By:

DORSEY & WHITNEY LLP (GIT)
Suite 1500
50 South Sixth Street
Minneapolis, Minnesota 55402

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TAX INCREMENT FINANCING REDEVELOPMENT AGREEMENT

THIS Tax Increment Financing Redevelopment Agreement (this “Agreement”), made and entered into as of this February 1, 2025, between the CITY OF THIEF RIVER FALLS, a municipal corporation and political subdivision of the State of Minnesota (the “City”), and SANFORD HEALTH NETWORK NORTH, a North Dakota nonprofit corporation (the “Developer”).

WITNESSETH:

WHEREAS, the City has designated a Development District in the City denominated the Development District No. 1 (the “Development District”) and adopted a Development Plan (the “Development Plan”) therefor, pursuant to and in accordance with Minnesota Statutes (“M.S.”), Sections 469.124 to 469.133, as amended; and

WHEREAS, the City adopted a resolution establishing Tax Increment Financing District No. 12: Sanford Redevelopment, a “redevelopment district” (the “TIF District”) pursuant to M.S., Section 469.174, Subd. 10, and approved a Tax Increment Financing Plan therefor (the “TIF Plan”); and

WHEREAS, in order to achieve the objectives of the Development Plan and the TIF Plan, the City intends to provide assistance to the Developer through tax increment financing, as described in M.S., Sections 469.174 through 469.1794 (the “TIF Act”), to finance the demolition of the existing building(s) on the Property, remediation of the site, delivery of a clean site, construction of a cap wall (including façade and stair tower), and any other activities necessary for the Developer to revitalize and repurpose the Property, excluding new construction (the “Project”);

WHEREAS, the City has determined that, in order to accomplish the purposes specified in and to carry out the Development Plan and the TIF Plan, it is necessary and desirable for the City to reimburse the Developer for certain costs to be incurred and paid by the Developer in connection with the Project; and

WHEREAS, the City will apply tax increment revenues generated from the TIF District to (i) pay or reimburse the City for administrative expenses relating to the TIF District to the extent permitted by the TIF Act and (ii) reimburse the Developer, with interest, for certain costs incurred in connection with the Project; and

WHEREAS, the City believes that the development activities associated with the Project pursuant to this Agreement are in the best interests of the City and benefit the health, safety, morals and welfare of its residents, and comply with the applicable state and local laws and requirements under which the Project has been undertaken and is being assisted.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual obligations set forth in this Agreement, the parties agree as follows:

ARTICLE 1
Definitions

1.01. Definitions.

In this Agreement, unless a different meaning clearly appears from the context:

“Act” means M.S., Sections 469.124 to 469.133, as amended.

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

“Available Tax Increment” means ninety percent (90%) of the tax increment revenues generated by the TIF District, as computed pursuant to Minnesota Statutes, Section 469.177, or its successor, as further described in Section 5.02(e).

“Business Subsidies Act” means M.S., Sections 116J.993 through 116J.995.

“Certificate of Completion” means a certification in the form attached hereto as Exhibit D, to be provided to the Developer pursuant to Section 3.03 of this Agreement.

“City” means the City of Thief River Falls, Minnesota.

“City Council” means the City Council of the City.

“County” means the County of Pennington, Minnesota, a political subdivision of the State of Minnesota.

“Default Notice” means written notice from the City to the Developer setting forth the Event of Default and the action required to remedy the same.

“Developer” means Sanford Health Network North, a nonprofit corporation under the laws of the State of North Dakota.

“Development District” means Development District No. 1, designated pursuant to the Act.

“Development Plan” means the Development Plan developed for Development District No. 1.

“Event of Default” means as any of the events set forth in Section 7.01 hereof.

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

“Mortgage” means any mortgage made by the Developer which covers, in whole or in part, the Property.

“Mortgagee” means the owner or holder of a Mortgage.

“M.S.” means Minnesota Statutes.

“Project” means the demolition of the existing building on the Property, remediation of the site, delivery of a clean site, construction of a cap wall (including façade and stair tower), and any other activities necessary for the Developer to revitalize and repurpose the Property, excluding new construction.

“Project Plans” means any plans, specifications, drawings and related documents generated by Developer for the work to be performed by the Developer on the Property.

“Property” means the real property described in Exhibit A attached hereto.

“Public Assistance” means the Available Tax Increment to be paid under Article 5 hereof.

“Qualified Costs” means costs incurred by Developer in connection with the Project that are reimbursable from tax increment pursuant to the TIF Act, which are shown on Exhibit C to this Agreement.

“Restrictions” means the easements, covenants, conditions and restrictions set forth in Exhibit B attached hereto.

“Section” means a Section of this Agreement, unless used in reference to M.S.

“State” means the State of Minnesota.

“Termination Date” means the earlier of (i) the date the TIF Note is paid in full, (ii) the date on which the TIF District expires or is otherwise terminated, or (iii) the date this Agreement is terminated or rescinded in accordance with its terms.

“TIF Act” means M.S., Sections 469.174 through 469.1794, as amended.

“TIF District” means Tax Increment Financing District No. 12: Sanford Redevelopment, a “redevelopment district,” established by the City Council on November 21, 2021.

“TIF Note” means the Tax Increment Revenue Note, to be executed by the City and delivered to the Developer pursuant to Article 5 hereof, the form of which is attached hereto as Exhibit E. The total principal amount of any and all TIF Notes issued to reimburse the Developer for Qualified Costs of the Project will not exceed the lesser of (i) actual Qualified Costs or (ii) three million dollars (\$3,000,000);

“TIF Plan” means the Tax Increment Financing Plan for the TIF District approved by the City Council.

“Unavoidable Delay” means a failure or delay in a party’s performance of its obligations under this Agreement, or during any cure period specified in this Agreement which does not entail the mere payment of money, not within the party’s reasonable control, including but not limited to

acts of God, governmental agencies, the other party, strikes, labor disputes (except disputes which could be resolved by using union labor), fire or other casualty, lack of materials, or declarations of any state, federal or local government, pandemics, epidemics (including the COVID-19 virus); provided that within ten (10) days after a party impaired by the delay has actual (as opposed to constructive) knowledge of the delay it shall give the other party notice of the delay and the estimated length of the delay, and shall give the other party notice of the actual length of the delay within ten (10) days after the cause of the delay has ceased to exist. The parties shall pursue with reasonable diligence the avoidance and removal of any such delay. Unavoidable Delay shall not extend performance of any obligation unless the notices required in this definition are given as herein required.

ARTICLE 2
Representations and Warranties

2.01. City Representations.

The City makes the following representations to the Developer:

(a) The City is a municipal corporation and political subdivision of the State. Under the provisions of the Act and the TIF Act, the City has the power to enter into this Agreement and carry out its obligations hereunder.

(b) The City has designated the Development District and has adopted the Development Plan in accordance with the provisions of the Act and has created the TIF District and adopted the TIF Plan in accordance with the provisions of the TIF Act.

(c) There is not pending, nor to the best of the City's knowledge is there threatened, any suit, action or proceeding against the City before any court, arbitrator, or administrative agency or other governmental authority that may materially and adversely impact the validity of any of the transactions contemplated hereby, the ability of the City to perform its obligations hereunder or as contemplated hereby, or the validity or enforceability of this Agreement.

(d) To the best of the City's knowledge and belief, no member of the City Council or officer of the City has either a direct or indirect financial interest in this Agreement, nor will any City Council member or officer of the City benefit financially from this Agreement within the meaning of Minnesota Statutes, Section 412.311 and 471.87, as amended.

(e) The City will reasonably cooperate with Developer with respect to any litigation commenced by third parties with respect to the Project; however, this does not obligate the City to incur costs, except as otherwise provided in this Agreement or elsewhere.

(f) With each payment of the TIF Note, the City will provide Developer with a statement showing the Available Tax Increment along with a statement of the remaining amounts of unpaid interest, if any, and principal.

2.02. Developer Representations.

The Developer represents and warrants that:

(a) The Developer is a North Dakota nonprofit corporation and has power to enter into this Agreement and has duly authorized, by all necessary corporate action, the execution and delivery of this Agreement.

(b) Developer will, subject to and as required by Agreement, complete the Project in accordance with the terms of this Agreement, the TIF Plan and all applicable local, state and federal laws and regulations.

(c) At such time or times as may be required by law, the Developer will have, to the best of its actual knowledge, complied with all local, state and federal environmental laws and regulations applicable to the Project, and will have obtained any and all necessary environmental reviews, licenses and clearances. The Developer has received no other written notice from any local, state or federal official that the activities of the Developer or the City with respect to the Property may be or will be in violation of any environmental law or regulation. The Developer has no actual knowledge of any facts the existence of which would cause it to be in violation of any local, state or federal environmental law, regulation or review procedure with respect to the Property.

(d) Neither the execution or delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented by, limited by, conflicts with, or results in a breach of, any restriction, agreement or instrument to which the Developer is now a party or by which the Developer is bound.

(e) The Developer has no actual knowledge that any member of the City Council, or any other officer of the City has any direct or indirect financial interest in the Developer, the Property, or the Project.

(f) The Developer will use commercially reasonable efforts to obtain, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all local, state and federal laws and regulations which must be obtained or met in connection with the Project.

(g) The Developer would not undertake the Project without the financial assistance to be provided by the City pursuant to this Agreement and the TIF Plan.

(h) Apart from the assistance to be provided under this Agreement, the Developer shall pay all standard charges and fees due with respect to the Project and allocable to the Property under City ordinances and the City code, if any, including but not limited to special assessments for local improvements, sewer and water use charges, permit fees, plat fees, inspection fees, storm water fees and the like issued against the Property. Upon Developer's sale of all or any portion of the Property, the Property's purchaser shall assume the duties provided in this warranty with respect to such Property, and the same shall be extinguished as to Developer.

2.03. Use, Ownership of Property; Restrictions; Use of Property. The Developer's use of the Property shall be subject to and in compliance with all of the conditions, covenants, restrictions and limitations imposed by this Agreement, the Restrictions (as and to the extent applicable), and all applicable laws, ordinances and regulations.

2.04. Ownership of Property. The Developer hereby represents and warrants that it is the owner in fee simple of the Property and that there are no liens, defects or other encumbrances upon title to the Property that would hinder the development of the Property by the Developer as contemplated by this Agreement.

2.05. Declaration of Restrictive Covenants. The Developer shall prepare, execute, and record on the title to the property legally Described on Exhibit B a Declaration of Restrictive Covenants, in a form approved by the City, which includes the Restrictions set forth in Exhibit B. If the Developer determines that operation of the property subject to the Restrictions would endanger the financial viability thereof, the Developer may request the City Council to consent to the amendment, modification or termination of any of the Restrictions in any respect. The City is under no obligation to amend, modify or terminate any of the Restrictions but may, with the written consent of the Developer, do so.

ARTICLE 3 Construction of Project

3.01. Project Plans. Within a reasonable time after a request by the City, the Developer shall make available to the City any Project Plans for the Project in Developer's possession, provided that this Agreement alone shall not constitute a requirement on the part of Developer to prepare any Project Plans or create any right on the part of the City to approve or reject any such Project Plans. All work on the Project shall be performed in conformity with the Development Plan, the TIF Plan, this Agreement, and all applicable state and local laws and regulations.

3.02. Undertaking of Project.

(a) Subject to Unavoidable Delay, Developer shall cause the Project to be substantially completed in accordance with Section 3.03(a) and other terms of this Agreement by March 1, 2025.

(b) All work with respect to the Project shall be in substantial conformity with the requirements of any permits issued by the City, if any.

(c) The Developer shall not interfere with, or construct any improvements over, any public street or utility easement without the prior written approval of the City. All connections to public utility lines and facilities shall be subject to approval of the City (in accordance with City code) and any applicable private utility provider. Except for public improvements, which are undertaken by the City or other governmental body and assessed against benefited properties, all street and utility installations, relocations, alterations and restorations performed in connection with the Project, if any, shall be at the Developer's expense and without expense to the City. The Developer, at its own expense, shall replace any public facilities or utilities damaged during the Project by the Developer or its agents or by others acting on behalf of or under the direction or control of the Developer.

3.03. Certificate of Completion.

(a) Upon the Developer's request following the City's certification that the Project is completed to the reasonable satisfaction of the City, the City will furnish the Developer with a Certificate of Completion for the Project, in substantially the form attached hereto as Exhibit D, as conclusive evidence of satisfaction and termination of the agreements and covenants of this Agreement with respect to the obligations of the Developer to complete the Project. The furnishing by the City of such Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any Mortgagee. All Certificates of Completion provided for herein shall be in such form as will enable them to be recorded with the Recorder of Pennington County, Minnesota.

(b) If the City shall refuse or fail to provide a Certificate of Completion following the Developer's request, the City shall, within ten (10) days after the Developer's request, provide the Developer with a written statement specifying in what respects the Developer has failed to complete the respective Project in accordance with this Agreement, or is otherwise in default, and what measures or acts will be necessary, in the reasonable opinion of the City, for the Developer to obtain the Certificate of Completion.

3.04. Progress Reports. Until the Certificate of Completion is issued for the Project, the Developer shall make, in such detail as may reasonably be required by the City, and forward to the City, upon demand by the City (provided such demand shall not be made more frequently than quarterly in the absence of an Event of Default hereunder), a written report as to the actual progress of the Project.

3.05. Access to Property. The Developer agrees to permit the City and any of its officers, employees or agents access to the Property at all reasonable times for the purpose of inspection of all work being performed in connection with the Project; provided, however, that the City shall not have an obligation to inspect such work.

3.06. Modification; Subordination. The City agrees to subordinate its rights under this Agreement to the holder of any Mortgage securing permanent financing, in accordance with the terms of a customary subordination agreement in a form reasonably acceptable to the City.

ARTICLE 4

Defense of Claims; Insurance

4.01. Defense of Claims.

(a) The Developer shall indemnify and hold harmless the City, its governing body members, officers, and agents including the independent contractors, consultants, and legal counsel, servants and employees thereof (hereinafter, for the purposes of this Section, collectively the "Indemnified Parties") for any expenses (including reasonable attorneys' fees), loss (excluding consequential, special or punitive damages except to the extent payable to third parties by any Indemnified Parties), damage to property, or death of any person occurring at or about the Property in connection with the Project, or resulting from any defect in the Project; provided, however, the Developer shall not be required to indemnify any Indemnified Party for any claims or proceedings arising from any

negligence, intentional misconduct, or unlawful acts or omissions of such Indemnified Party, or from expenses, damages or losses that are eligible to be reimbursed by insurance.

(b) The Developer agrees to protect and defend the Indemnified Parties, and further agrees to hold the aforesaid harmless, from any claim, demand, suit, action or other proceeding whatsoever by any person or entity arising or purportedly arising from the actions or inactions of the Developer (or other persons acting on its behalf or under its direction or control) under this Agreement, or the ownership and operation of the Project; provided that this indemnification shall not apply to the warranties made or obligations undertaken by the City in this Agreement or to any actions undertaken by the City which are not contemplated by this Agreement but shall, in any event, apply to any pecuniary loss (excluding consequential, special or punitive damages except to the extent payable to third parties by any of the Indemnified Parties) or penalty (including interest thereon from the date the loss is incurred or penalty is paid by the City at a rate equal to the prime rate) as a result of any action taken by Developer with respect to the Project without the consent of the City, which causes the TIF District to cease to qualify as an “redevelopment district” under the TIF Act or to violate limitations as to the use of the revenues therefrom as set forth in the TIF Act.

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

4.02. Insurance.

(a) Subject to the terms of any Mortgage relating to the Property, the Developer shall keep and maintain the Property and Project at all times insured against such risks and in such amounts, with such deductible provisions, as are customary in connection with projects of the type and size comparable to the Project, and the Developer shall carry and maintain, or cause to be carried and maintained, and pay or cause to be paid timely the premiums for direct damage insurance covering all risks of loss, including, but not limited to, the following:

1. Comprehensive general liability insurance together with limits against bodily injury and property damage of not less than \$1,000,000 for each occurrence (to accomplish the foregoing limitation, an umbrella excess liability policy may be used), written on an occurrence basis.

2. Workers compensation insurance for employees of Developer, if and to the extent required by applicable law.

ARTICLE 5 Public Assistance

5.01. Development Costs The Developer has agreed to and shall be responsible to pay all of its respective costs of the Project, as herein provided. However, the City, in order to

encourage the Developer to proceed with the Project, and to assist the Developer in paying the costs thereof, is willing to provide the Public Assistance and thereby reimburse the Developer for Qualified Costs, as permitted by the TIF Act and in accordance with the TIF Plan, that will be incurred by the Developer to complete the Project.

5.02. Reimbursement for Qualified Costs.

The City agrees to reimburse the Developer, using Available Tax Increment on a pay-as-you-go basis, for Qualified Costs of the Project. The City shall, upon completion of the Project and the issuance of the Certificate of Completion therefor, make reimbursement payments pursuant to a limited revenue tax increment note for the Project, the form of which is attached hereto as Exhibit E, with said payments of principal and interest to be made on the dates (the "Payment Dates") specified in the TIF Note, subject to the following terms and conditions:

(a) The total principal amount of any and all TIF Notes issued for the Project will not exceed (i) the lesser of actual Qualified Costs or (ii) three million dollars (\$3,000,000).

(b) The unpaid principal of the TIF Note shall bear simple non-compounding interest from the date of issuance of the TIF Note, at four percent (4.00%) per annum. Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months.

(c) No payments shall be made by the City to the Developer unless and until the Developer has provided written evidence reasonably satisfactory to the City that (i) Qualified Costs in the amount to be reimbursed from the Available Tax Increment have been incurred for the respective phase of the Project and paid by the Developer and (ii) the Certificate of Completion has been issued for the respective phase of the project as contemplated in Section 3.03 hereof.

(d) The City shall be obligated to make the payments to the Developer required pursuant to this Section 5.02 *only from and to the extent of the Available Tax Increment actually received from the TIF District for any tax year, and such payments shall never be considered to be a general obligation or indebtedness of the City.*

(e) Calculated on an annual basis, the City will retain ten percent (10%) of the Tax Increment generated from the Project for administrative costs (the "Retained Tax Increment") and apply the Retained Tax Increment first to pay any administrative expenses relating to the Property to the extent permitted by the TIF Act and to the extent that such expenses have not been paid or reimbursed to the City by the Developer. Any of the Retained Tax Increment remaining after the payment of any administrative expenses then due and owing together with all Available Tax Increment shall first be paid to the Developer for reimbursement of the Qualified Costs plus interest on the Payment Dates, and any increment remaining thereafter shall be retained by the City.

(f) Upon thirty (30) days' written notice to the Developer, the City may prepay all or a portion of the outstanding principal balance due to the Developer pursuant to this

Section 5.02 without penalty, on any date at a prepayment price equal to the outstanding principal balance to be prepaid plus accrued interest to the prepayment date.

(g) The City shall not be obligated to make any payments hereunder subsequent to the termination of this Agreement as provided in Section 8.06 hereof, and any amounts remaining unpaid as of such date (other than by reason of failure of the City to comply with the terms of this Agreement) shall be considered forgiven by the Developer and shall cease to be owing.

(h) The Developer may assign its rights under this Agreement (including the payments to be made to the Developer hereunder), with the written consent of the City, to (i) another developer to complete the Project; (ii) secure financing incurred by the Developer to pay costs of the Project, including but not limited to any Mortgagee, or, (iii) after Certificate of Completion has been issued by the City, to third parties. Notwithstanding the foregoing, the Developer may, at any time upon written notice to the City, assign its rights to (i) to any entity controlling, controlled by or under common control with the Developer; (ii) to any entity in which the majority equity interest is owned by the parties that have a majority equity interest in the Developer; (iii) in the event of a merger or acquisition involving the Developer, the surviving entity; or (iv) that after giving effect to such transfer or assignment does not result in a change in control of the Developer.

5.03. Conditions Precedent to Provision of Public Assistance.

Upon payment by the Developer of Qualified Costs for the Project, the Developer will deliver to the City an instrument executed by the Developer (i) specifying the amount and nature of the Qualified Costs of the Project to be reimbursed and (ii) certifying that such costs have been paid to third parties unrelated to the Developer, or if any costs have been paid to third parties related to the Developer, that such costs do not exceed the reasonable and customary costs of services, labor or materials of comparable quality, dependability, availability and other pertinent criteria and that such costs have not previously been contained in an instrument furnished to the City pursuant to this Section 5.03. Together with such instrument, the Developer shall deliver to the City evidence reasonably satisfactory to the City of the payment by the Developer of such costs to be reimbursed.

Thereafter, the City will provide to the Developer reimbursement for such Qualified Costs, constituting a portion of the Public Assistance described in this Article 5, paid up to the maximum amount then due and payable, in accordance with Section 5.02. The City is only obligated to make such reimbursement payments to the Developer with Available Tax Increment actually received from the TIF District for any tax year, and such payments shall never be considered to be a general obligation or indebtedness of the City.

5.04. Satisfaction of Conditions Precedent. Notwithstanding anything to the contrary contained herein, the City's obligation to reimburse the Developer for Qualified Costs shall be subject to satisfaction, or waiver in writing by the City, of all of the following conditions precedent:

- (a) the conditions precedent in this Section 5.04 hereof have been satisfied;

(b) the Developer shall have cured any material title defects with respect to the Property;

(c) the Developer shall not be in default under the terms of this Agreement beyond any applicable cure period;

(d) the Developer shall have executed and recorded on the title to the applicable portion of the Property, the Covenants and Restrictions, required by Section 2.05 hereof, as set forth in Exhibit B;

(e) the Developer shall have closed on or received commitments in financing or, if requested, shall provide evidence of equity sufficient to pay all costs to be incurred in connection with the Project; and

(f) the Developer shall have provided the City with evidence of payment of asbestos abatement and any other environmental clean-up costs as part of the Qualified Costs as described by Section 8.05 hereof.

In the event that all of the above conditions required to be satisfied as provided in this Section 5.04 have not been satisfied by December 31, 2025, either the City or the Developer may terminate this Agreement if such conditions are not satisfied within thirty (30) days following notice to the non-terminating party by the terminating party. Upon such termination, the provisions of this Agreement relating to the Project shall terminate and, except as provided in Article 8, neither the Developer nor the City shall have any further liability or obligation to the other hereunder.

5.05. Notice of Default. Whenever the City shall deliver any notice or demand to the Developer with respect to any breach or default by the Developer in its obligations or covenants under this Agreement, the City shall at the same time forward a copy of such notice or demand to each investor, lender, or holder of any permitted mortgage, lien or other similar encumbrance at the last address of such holder shown in the records of the City. Each such investor, lender, or holder shall have the right, at its option, to cure or remedy such breach or default and to add the cost thereof to the mortgage debt and the lien of its mortgage; provided that if the breach or default is with respect to the Project, nothing contained in this Agreement shall be deemed to permit or authorize such holder, either before or after foreclosure or action in lieu thereof, to undertake or continue completion of the Project without first having expressly assumed the obligation to the City, by written agreement satisfactory to the City, to complete the Project in accordance with the plans and specifications therefor and this Agreement. Any such holder who shall properly complete the Project shall be entitled, upon written request made to the City, to a certification by the City to such effect in the manner provided in Section 3.03.

5.06. Legal and Administrative Expenses. The Developer shall pay all reasonable Legal and Administrative Expenses that are incurred in connection with the negotiating, approval and documentation of this Agreement, including the \$10,000 administrative fee to be paid to the City for the economic development assistance. Thereafter, Administrative Expenses shall be reimbursed in accordance with 5.02(e) of this Agreement or any amendment to this Agreement requested by the Developer.

ARTICLE 6
Prohibitions Against Assignment and Transfer

6.01. Transfer of Property and Assignment. The City acknowledges that the Developer has or will enter into an agreement for the sale of a portion of the Property to a third-party who will develop such Property following completion of the Project, and that the consummation of this Agreement is a condition precedent to the closing of that sale. The City consents to and, approves to such sale in all respects necessary under this Agreement, and the parties hereto agree this sale does not affect the rights or obligations of the parties under this Agreement or confer any right or benefit, including without limitation with respect to receipt of funds due hereunder, to such third-party with respect to this Agreement.

Other than the sale described in the preceding paragraph and leases made in the ordinary course of business, the Developer has not made and will not make, or suffer to be made, any total or partial sale, assignment, conveyance, lease, or other transfer, with respect to this Agreement, the Project or Property or any part thereof or any interest therein (other than entering into any agreement for the proposed sale, conveyance, lease, or other transfer of the Property which shall not close, if at all, until after the termination of the provisions of this Section 6.01 in accordance with Section 6.02 below, or Mortgage or Mortgages securing financing for the Project or other than any assignment of the payments to be made to the Developer under Section 5.02 hereof that is permitted under such Section), or any contract or agreement to do any of the same prior to the termination of the provisions of this Section 6.01 pursuant to Section 6.02, without the prior written approval of the City, which shall not be unreasonably withheld or delayed. The City shall be entitled to require as conditions to any such approval that: (i) the proposed transferee have the qualifications and financial responsibility, as reasonably determined by the City, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer; (ii) the proposed transferee, by recordable instrument satisfactory to the City shall, for itself and its successors and assigns, assume all of the obligations of the Developer under this Agreement. No transfer of, or change with respect to, ownership in the Project or Property or any part thereof (including without limitation the aforementioned sale), or any interest therein, however consummated or occurring and whether voluntary or involuntary, shall operate, legally or practically, to deprive or limit the City of or with respect to any rights or remedies or controls provided in or resulting from this Agreement with respect to the Project or Property and the completion of the Project that the City would have had, had there been no such transfer or change.

Notwithstanding the foregoing, this Section 6.01 shall not apply to any transfer or assignment: (i) to any entity controlling, controlled by or under common control with the Developer; (ii) to any entity in which the majority equity interest is owned by the parties that have a majority equity interest in the Developer; (iii) in the event of a merger or acquisition involving the Developer, the surviving entity; or (iv) that after giving effect to such transfer or assignment does not result in a change in control of the Developer.

Provided that no Event of Default exists hereunder, any transfer or assignment of Developer's rights and obligations under this Agreement shall release the Developer from its obligations hereunder upon execution and delivery to the City by the transferee or assignee of an instrument in form and substance satisfactory to the City by which the transferee or assignee assumes the obligations of the Developer hereunder. For the avoidance of doubt, the parties agree

no transfer of any portion of the Property by Developer, including without limitation the sale by Developer as approved in the first paragraph in this Section 6.01, shall be deemed to constitute a transfer of any rights held by Developer under this Agreement unless Developer expressly assigns its rights under this Agreement in accordance with this Article 6 and Section 5.02 above.

Except as explicitly set forth in this Agreement, in the absence of specific written agreement by the City to the contrary, no approval of any assignment or transfer by the City thereof with respect to any transfer or assignment shall be deemed to relieve the Developer, or any other party bound in any way by this Agreement or otherwise with respect to the completion of the Project, from any of their obligations with respect thereto.

6.02. Termination of Limitations on Transfer. The provisions of Section 6.01 shall terminate at such time as the Certificate of Completion has been issued by the City under Section 3.03 of this Agreement with respect to the Project; provided, however, that any assignment of the payments to be made to the Developer under Section 5.02 may only be assigned as permitted under Section 5.02 hereof.

ARTICLE 7 Event of Default; Fees

7.01. Events of Default. Subject to Unavoidable Delay, the following shall be “Events of Default” under this Agreement and the term “Event of Default” shall mean, whenever it is used in this Agreement (unless the context otherwise provides), any one or more of the following events which occurs and continues for more than thirty (30) days after written notice by the defaulting party of such default (and the term “default” shall mean any event which would with the passage of time or giving of notice, or both, be an “Event of Default” hereunder):

- (a) Failure of the Developer to complete the Project as required hereunder.
- (b) Failure of the Developer to furnish the Project Plans if requested, as required hereunder.
- (c) Failure of the Developer to pay to the City any amounts required to be paid by the Developer hereunder.
- (d) Failure of the Developer or the City to observe and perform any other material covenant, condition, obligation or agreement on its part to be observed or performed hereunder.
- (e) Failure of the Developer to pay any taxes on any portion of the Property then owned by Developer prior to the same becoming delinquent.
- (f) Filing of any voluntary petition in bankruptcy or similar proceedings by the Developer; general assignment for the benefit of creditors made by the Developer or admission in writing by the Developer of inability to pay its debts generally as they become due; or filing of any involuntary petition in bankruptcy or similar proceedings against the Developer which are not dismissed or stayed within sixty (60) days.

7.02. Remedies on Default. In the event the City desires to exercise any of its rights or remedies as provided herein or otherwise available to the City at law or in equity, the City shall first provide written notice to Developer setting forth with specific particularity the Event of Default and the action required to cure or remedy the same (the “Default Notice”). Developer or any transferee or assignee under Section 6.01 hereof, shall have thirty (30) days from receipt of a Default Notice to cure or remedy the Event of Default specified in the Default Notice, or such longer period as may be reasonably required to complete the cure as soon as reasonably possible under the circumstances. If, following Developer’s receipt of a Default Notice, Developer does not cure or remedy the Event of Default therein specified within the time provided above, the City may take any one or more of the following actions at any time prior to Developer’s curing or remedying the Event of Default:

(a) Suspend its performance under this Agreement until it receives assurances from Developer, deemed reasonably adequate by the City, that Developer will cure its default and continue its performance under this Agreement.

(b) In the case of a material default that is not substantially cured within a reasonable period of time, terminate all rights of Developer under this Agreement.

(c) Withhold the Certificate of Completion.

(d) Take whatever action at law or in equity may appear necessary or desirable to the City to enforce performance and observance of any obligation, agreement, or covenant of Developer under this Agreement.

In the event the City should fail to observe or perform any covenant, agreement or obligation of the City on their part to be observed and performed under this Agreement, Developer may take any one or more of the following actions:

(a) Suspend its performance under this Agreement until it receives assurances from the City deemed adequate by Developer, that the City will cure its default and continue its performance under this Agreement.

(b) In the case of a material default that is not substantially cured within a reasonable period of time, terminate all rights of the City under this Agreement.

(c) Take whatever action at law or in equity may appear necessary or desirable to Developer to enforce performance and observance of any obligation, agreement, or covenant of the City under this Agreement.

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

Developer to exercise any remedy reserved to them, it shall not be necessary to give notice, other than such notice as may be required under this Agreement.

7.04. Waivers. All waivers by any party to this Agreement shall be in writing. If any provision of this Agreement is breached by any party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

7.05. Agreement to Pay Attorneys' Fees. To the extent allowed by and in accordance with applicable law, whenever any Event of Default occurs and the non-defaulting party shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it shall, on demand therefor, pay to the non-defaulting party the reasonable fees of such attorneys and such other expenses so incurred by the non-defaulting party.

ARTICLE 8 General Provisions

8.01. Conflicts of Interest; City Representatives Not Individually Liable. No member, official, employee, or consultant or employee of a consultant of the City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, consultant or the consultant's employees or employee participate in any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is directly or indirectly interested. No member, official, consultant or consultant's employee, or employee of the City shall be personally liable to Developer, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to Developer or successors or on any obligations under the terms of this Agreement. No member, official, consultant or consultant's employee, or employee of the Developer shall be personally liable to the City, or any successor in interest, in the event of any default or breach by the Developer or for any amount which may become due to the City on any obligations under the terms of this Agreement.

8.02. Equal Employment Opportunity. Developer, for itself and its successors and assigns, agrees that during completion of the Project it will comply with any applicable affirmative action and nondiscrimination laws or regulations.

8.03. Restrictions on Use. Developer agrees for itself, and its successors and assigns, and every successor in interest to the Property, or any part thereof, that Developer, and such successors and assigns, shall devote the Property to, and only to and in accordance with, the uses specified in the Development Plan, this Agreement and other agreements entered into between the Developer and the City, and shall not discriminate upon the basis of race, color, creed, religion, national origin, sex, marital status, disability, status with regard to public assistance, sexual orientation, and familial status in the sale, lease, or rental or in the use or occupancy of the Property or any improvements erected or to be erected thereon, or any part thereof.

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

8.05. Business Subsidies Act. The assistance being provided by the City to the Developer under this Agreement is not a business subsidy under the Business Subsidies Act, as the Public Assistance being provided is for assistance for pollution control or abatement, and a subsidy agreement, as described in Minnesota Statutes, Section 116J.994, Subd. 3 and Subd. 4, is not being entered by the City and Developer. The Developer shall provide to the City evidence of payment of asbestos abatement and any other environmental clean-up costs as part of the Qualified Costs.

8.06. Term of Agreement. This Agreement shall terminate upon the earlier to occur of (i) the date the TIF Note is paid in full, (ii) the date on which the Tax Increment District expires or is otherwise properly terminated, or (iii) the date this Agreement is properly terminated or rescinded in accordance with its terms; it being expressly agreed and understood that the provisions of this Agreement are intended to survive the expiration and satisfaction of any security instruments placed of record contemporaneously with this Agreement, if such expiration and satisfaction occurs prior to the expiration of the term of this Agreement, as stated in this Section 8.06.

8.07. Provisions Surviving Termination. Sections 4.01 and 7.05 hereof shall survive any termination, rescission, or expiration of this Agreement with respect to or arising out of any event, occurrence, or circumstance existing prior to the date thereof.

ARTICLE 9 Administrative Provisions

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

(a) in the case of Developer, addressed to or delivered personally to:

Sanford Health Network North
P.O. Box 2010
801 Broadway N
Fargo, ND 58122-1000
Attention: Executive Director, Legal

(b) in the case of the City, addressed or delivered personally to:

City of Thief River Falls
405 3rd Street East
Thief River Falls, MN 56701
Attention: City Administrator

The City and the Developer, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications should be sent.

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

9.03. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the City and the Developer and their respective successors and assigns.

9.04. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

9.05. Amendments, Changes and Modifications. This Agreement may be amended or any of its terms modified only by written amendment authorized and executed by the City and the Developer. The Mayor and City Administrator are authorized to execute and deliver amendments and any documents related to this Agreement on behalf of the City.

9.06. Further Assurances and Corrective Instruments. The City and the Developer agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property or the Project or for carrying out the expressed intention of this Agreement.

9.07. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope of intent of any provisions or Sections of this Agreement.

9.08. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota without giving effect to the conflicts-of-laws principles thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

CITY OF THIEF RIVER FALLS, MINNESOTA

By _____
Mayor

And _____
City Administrator

STATE OF MINNESOTA)
) ss.
COUNTY OF PENNINGTON)

The foregoing instrument was acknowledged before me on this ____ day of _____, 2025, by _____, the Mayor, and _____, the City Administrator, of the City of Thief River Falls, a Minnesota municipal corporation, on behalf of the corporation.

IN WITNESS WHEREOF, I have set my hand and my official seal this ____ day of _____, 2025.

Notary Public

EXHIBIT A

PROPERTY

The real property and interests in such property located in the County of Pennington, State of Minnesota and described as follows:

Parcel D (PID: 25.00341010):

Lot One (1) of Owner's Re-arrangement of Block Sixty-one (61) and Sixty-two (62) and Adjacent Lands of the Original Townsite of Thief River Falls, Minnesota, according to the Official Plat thereof, EXCEPT the following described tract: Beginning at the southwest corner of said Lot 1 which is marked by an iron monument thence running South 60° 40' East upon the south line of said Lot 1, a distance of 54.0 feet to an iron monument, then running North 1° 31' East a distance of 107.8 feet to a point; thence South 31° 45' West upon the west line of said Lot 1, a distance of 95.8 feet to the point of beginning.

AND

That certain tract of land lying in and being a part of Lots Two (2) and Four (4) of Owner's Re-arrangement of Blocks Sixty-one (61) and Sixty-two (62) and Adjacent Lands of the Original Townsite of Thief River Falls, Minnesota, according to the Official Plat thereof on record, and further described as follows:

Beginning at the Northeast corner of said Lot Two (2), which is an iron monument, thence running North 88° 42' W. a distance of 54 feet to an iron monument; thence running S. 1° 31' W, a distance of 92.9 feet to a point, thence running N. 31° 45' E. a distance of 107.6 feet to the point of beginning. The North line of this tract lying upon the south line of First Street and the easterly line lying upon the line separating Lot One (1) from Lots Two (2), Four (4), and Five (5).

Parcel E (PID: 25.00341110):

All of Lots Three (3), Five (5), Six (6), Seven (7), Eight (8), of Owner's Re-arrangement of Blocks Sixty-one (61) and Sixty-two (62) and Adjacent Lands of the Original Townsite of Thief River Falls, Minnesota.

AND

All of Lots Two (2) and Four (4) of Owner's Re-arrangement of Blocks Sixty-one (61) and Sixty-two (62) and adjacent lands of the Original Townsite of Thief River Falls, Minnesota, EXCEPTING therefrom all that part of Lots Two (2) and Four (4) heretofore conveyed to the Robertson Lumber Company in that certain deed dated May 29, 1948, and recorded in Book 80 of Deeds, page 406, which said excepted portion is described as follows: Beginning at the Northeast corner of said Lot Two (2) at which there is an iron monument; thence running North 88 degrees, 42 minutes West a distance of 54 feet to an iron monument; thence running South 1 degree, 31 minutes West a distance of 92.9 feet to a point on the Easterly line of Lot Four (4); thence running North 31 degrees, 45 minutes East along and upon the Easterly line of Lots Four (4) and Two (2) a distance of 107.6 feet to the point of beginning.

AND

A triangular tract of land lying in the Southwest corner of Lot One (1) of Owner's Re-arrangement of Blocks Sixty-one (61) and Sixty-two (62) and Adjacent Lands of the Original Townsite of Thief River Falls, Minnesota, described as follows: Beginning at the Southwest Corner of Lot 1 which is marked by an iron monument; thence running South 60 degrees, 40 minutes East upon the Southerly line of said Lot One (1) a distance of 54 feet to an iron monument; thence running North 1 degree, 31 minutes East a distance of 107.8 feet to a point on the Westerly line of said Lot One (1); thence South 31 degrees, 45 minutes West along and upon the Westerly line of said Lot One (1) a distance of 95.8 feet to the point of beginning.

Parcel F (PID 25.00341210):

Lot (9), of Owner's Re-arrangement of Blocks Sixty-one (61) and Sixty-two (62) and Adjacent Lands of the Original Townsite of Thief River Falls, Minnesota together with all of vacated Bay Street beginning at the East line of LaBree Avenue and running thence East to the intersection of said Bay Street with the meander line of the Red Lake River, which said vacated Bay Street lies between Lots Eight (8) and Nine (9) of Owner's Re-arrangement of Blocks Sixty-one (61) and Sixty-two (62) and Adjacent Lands of the Original Townsite of Thief River Falls, Minnesota.

AND all of Lots One (1), Two (2), Three (3), and Four (4) of Block One (1), in Porter's Addition to Thief River Falls.

EXHIBIT B

COVENANTS AND RESTRICTIONS

During the term of that certain Tax Increment Financing Redevelopment Agreement between the City of Thief River Falls (the “City”), and Sanford Health Network North (the “Developer”), dated [_____] [____], 2025, and recorded in the Office of the Pennington County Registrar as Document No. [_____] on [____], 20[____] (the “Redevelopment Agreement”), the property legally described in Exhibit A attached hereto and made a part hereof (the “Development Property”), shall be subject to the following covenants and restrictions:

1. The Development Property shall not be exempt from real estate taxes notwithstanding the ownership or use of the land.

2. The Development Property shall not be sold, transferred, conveyed or leased to any of the following parties:

- (a) An institution of purely public charity;
- (b) A church or ancillary tax-exempt housing;
- (c) A public hospital;
- (d) A public school district;
- (e) An organization exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, if as a result of such sale, transfer, conveyance or lease the Property would become exempt from real estate taxes; or
- (f) A Minnesota cooperative association organized under Minnesota Statutes, Section 308.05 and 308.18 for the purpose of complying with the provisions of Minnesota Statutes, Section 273.133, subdivision 3, or any other party that would cause the Property to be valued and assessed for real estate tax purposes at a lower percentage of its market value than the Property is then being valued and assessed for real estate tax purposes or would result in the Property becoming exempt from real estate taxes.

3. The Development Property shall not be used for any of the following purposes:

- (a) The operation of a public charity;
- (b) A church or house of worship;
- (c) The operation of a hospital, specialty hospital, surgery center, diagnostic imaging center, clinic, or other business which provides health services of

any kind including, without limitation, any "walkup", "rapid care", or "urgent care" clinic which provides health care services, or any business that provides services such as dialysis, physical therapy, chiropractic care, occupational therapy, occupational health, oral surgery, audiology, psychiatry, dietetics, optometry, ophthalmology, laser surgery, plastic surgery, maxillofacial surgery services, or any business engaging in the sale of health care accessories, the sale or operation of health care plans, weight loss management, athletic training, sports and/or athletic enhancement, sports science, or strength and conditioning services.

- (d) The operation of a public schoolhouse, academy, college, university or seminary of learning;
- (e) The operation of a gambling establishment or betting parlor, including a business primarily dedicated to hosting a bingo parlor;
- (f) The operation of an adult type bookstore or other establishment selling, renting, displaying or exhibiting pornographic or obscene materials (including without limitation: magazines, books, movies, videos, photographs or so called "sexual toys") or providing adult type entertainment or activities (including, without limitation, any displays or activities of a variety involving, exhibiting or depicting sexual themes, nudity or lewd acts); provided, however, the incidental sale of such materials by a national bookstore such as "Barnes and Noble" as the same operate as of the date hereof in a majority of their stores shall be permitted;
- (g) The operation of a mobile home park, trailer court, or labor camp or mobile home sales lot (except that this shall not prohibit the temporary use of construction trailers during any periods of construction, reconstruction or maintenance);
- (h) The operation of a flea market, pawn shop, thrift store, consignment shop or "re-sell" shop;
- (i) The operation of a distilling, refining, smelting, industrial, agricultural, drilling or mining operation;
- (j) The operation of a junk yard, stock yard or animal raising operation;
- (k) The operation of a dump or disposal, or any operation for the incineration or reduction of garbage or refuse;
- (l) The operation of any establishment which stocks, displays, sells, rents, or offers for sale or rent any merchandise or material commonly used or intended for the use with or in consumption of any narcotic, dangerous drug, or other controlled substance, including, without limitation, any hashish pipe, waterpipe, bong, pipe screens, rolling papers, rolling devices, coke spoons or roach clips;

- (m) The operation of a landfill, garbage dump or other such facility for the dumping, disposing, incineration or reduction of garbage;
- (n) The operation of an assembling, manufacturing, industrial, distilling, refining or smelting facility.
- (o) Any other use which would cause the Property to be valued and assessed for real estate tax purposes at a lower percentage of its market value than the Property is then being valued and assessed for real estate tax purposes or would result in the Property becoming exempt from real estate taxes.

4. The Development Property shall be devoted to uses consistent with an “redevelopment district” under Minnesota Statutes, Sections 469.174 through 469.1794.

5. The Development Property owner shall:

- (a) not discriminate upon the basis of race, color, creed, religion, national origin, sex, marital status, disability, status with regard to public assistance, sexual orientation, and familial status in the sale, lease, or rental or in the use or occupancy of the Development Property, the Project or any part thereof;
- (b) develop the Development Property in an orderly manner consistent with the City’s zoning ordinances and comprehensive plan.
- (c) Not violate or seek to violate any term, covenant or condition of the Redevelopment Agreement, including without limitation the provisions of Sections 5.06 and 5.07 of the Redevelopment Agreement.

6. The covenants and restrictions herein contained shall run with the title to the Property and shall be binding upon all present and future owners and occupants of the Property; provided, however, that the covenants and restrictions herein contained shall inure only to the benefit of the City and may be released or waived in whole or in part at any time, and from time to time, by the City with the written consent from the Developer, and variances, such as those described in paragraph 7 below, may be granted to the covenants and restrictions herein contained by the City with the written consent of the Developer. These covenants and restrictions shall be enforceable only by the City, and only the City shall have the right to sue for and obtain an injunction, prohibitive or mandatory, to prevent the breach of the covenants and restrictions herein contained, or to enforce the performance or observance thereof.

7. The restriction in Section 3(c) herein shall not apply to that portion of the building, known as of the date hereof as the “Sanford Thief River Falls Behavioral Health Center,” that encroaches slightly on Parcel E to the Development Property (as depicted in Exhibit B hereto), so long as said building is (i) owned and operated by Sanford, a North Dakota non-profit corporation, or any of its subsidiaries, affiliates, successors, or assigns; and (ii) used as a facility described in Section 3(c) herein.

8. The covenants and restrictions herein contained shall remain in effect until the City terminates the TIF District in accordance with the terms of the Redevelopment Agreement.

EXHIBIT A

TO COVENANTS AND RESTRICTIONS

The real property and interests in such property located in the County of Pennington, State of Minnesota and described as follows:

Parcel D (PID: 25.00341010):

Lot One (1) of Owner's Re-arrangement of Block Sixty-one (61) and Sixty-two (62) and Adjacent Lands of the Original Townsite of Thief River Falls, Minnesota, according to the Official Plat thereof, EXCEPT the following described tract: Beginning at the southwest corner of said Lot 1 which is marked by an iron monument thence running South 60° 40' East upon the south line of said Lot 1, a distance of 54.0 feet to an iron monument, then running North 1° 31' East a distance of 107.8 feet to a point; thence South 31° 45' West upon the west line of said Lot 1, a distance of 95.8 feet to the point of beginning.

AND

That certain tract of land lying in and being a part of Lots Two (2) and Four (4) of Owner's Re-arrangement of Blocks Sixty-one (61) and Sixty-two (62) and Adjacent Lands of the Original Townsite of Thief River Falls, Minnesota, according to the Official Plat thereof on record, and further described as follows:

Beginning at the Northeast corner of said Lot Two (2), which is an iron monument, thence running North 88° 42' W. a distance of 54 feet to an iron monument; thence running S. 1° 31' W, a distance of 92.9 feet to a point, thence running N. 31° 45' E. a distance of 107.6 feet to the point of beginning. The North line of this tract lying upon the south line of First Street and the easterly line lying upon the line separating Lot One (1) from Lots Two (2), Four (4), and Five (5).

Parcel E (PID: 25.00341110):

All of Lots Three (3), Five (5), Six (6), Seven (7), Eight (8), of Owner's Re-arrangement of Blocks Sixty-one (61) and Sixty-two (62) and Adjacent Lands of the Original Townsite of Thief River Falls, Minnesota.

AND

All of Lots Two (2) and Four (4) of Owner's Re-arrangement of Blocks Sixty-one (61) and Sixty-two (62) and adjacent lands of the Original Townsite of Thief River Falls, Minnesota, EXCEPTING therefrom all that part of Lots Two (2) and Four (4) heretofore conveyed to the Robertson Lumber Company in that certain deed dated May 29, 1948, and recorded in Book 80 of Deeds, page 406, which said excepted portion is described as follows: Beginning at the Northeast corner of said Lot Two (2) at which there is an iron monument; thence running North 88 degrees, 42 minutes West a distance of 54 feet to an iron monument; thence running South 1 degree; 31 minutes West a distance of 92.9 feet to a point on the Easterly line of Lot Four (4); thence running North 31 degrees, 45 minutes East along and upon the Easterly line of Lots Four (4) and Two (2) a distance of 107.6 feet to the point of beginning.

AND

A triangular tract of land lying in the Southwest corner of Lot One (1) of Owner's Re-arrangement of Blocks Sixty-one (61) and Sixty-two (62) and Adjacent Lands of the Original Townsite of Thief River Falls, Minnesota, described as follows: Beginning at the Southwest Corner of Lot 1 which is marked by an iron monument; thence running South 60 degrees, 40 minutes East upon the Southerly line of said Lot One (1) a distance of 54 feet to an iron monument; thence running North 1 degree, 31 minutes East a distance of 107.8 feet to a point on the Westerly line of said Lot One (1); thence South 31 degrees, 45 minutes West along and upon the Westerly line of said Lot One (1) a distance of 95.8 feet to the point of beginning.

Parcel F (PID 25.00341210):

Lot (9), of Owner's Re-arrangement of Blocks Sixty-one (61) and Sixty-two (62) and Adjacent Lands of the Original Townsite of Thief River Falls, Minnesota together with all of vacated Bay Street beginning at the East line of LaBree Avenue and running thence East to the intersection of said Bay Street with the meander line of the Red Lake River, which said vacated Bay Street lies between Lots Eight (8) and Nine (9) of Owner's Re-arrangement of Blocks Sixty-one (61) and Sixty-two (62) and Adjacent Lands of the Original Townsite of Thief River Falls, Minnesota.

AND all of Lots One (1), Two (2), Three (3), and Four (4) of Block One (1), in Porter's Addition to Thief River Falls.

Exhibit B

to Covenants and Restrictions

Depiction of Sanford Building Encroachment on Parcel E (PID: 25.00341110)



EXHIBIT C

PROJECT DESCRIPTION; QUALIFIED COSTS

Project Description

The Project involves the demolition of the existing building on the Property, remediation of the site, delivery of a clean site, construction of a cap wall (including façade and stair tower), and any other activities necessary for the Developer to revitalize and repurpose the Property, excluding new construction.

Qualified Costs

The estimated Qualified Costs of the TIF District are listed below that are eligible for reimbursement from tax increments of the TIF District. The categories below identify the categories of expenses that the parties agree may be reimbursed through tax increment financing. The amounts assigned to each category are estimates only and not independent limitations of Developer's Qualified Costs.

Demolition	\$1,275,775
Abatement & Remediation	1,050,000
Misc Surveying Allowance	15,000
New Façade & Stair Tower Construction	878,800
MN Department of Health Review Allowance	5,000
Design Fees	83,000
Contingency	50,000
Total	\$3,357,575*

* Developer's Qualified Cost. The total principal amount of any and all TIF Notes issued to reimburse the Developer for Qualified Costs of the Project will not exceed \$3,000,000.00.

EXHIBIT D

CERTIFICATE OF COMPLETION

WHEREAS, Sanford Health Network North, a North Dakota nonprofit corporation (“the Developer”), is the owner and the Developer of the property in the County of Pennington and State of Minnesota described on Exhibit A hereto and made a part hereof (the “Property”); and

WHEREAS, the Property is subject to the provisions of a certain Tax Increment Financing Redevelopment Agreement (the “Agreement”), dated as of February 1, 2025, between the Developer and the City of Thief River Falls, Minnesota; and

WHEREAS, the Developer has fully and duly performed all of the covenants and conditions of Developer under the Agreement with respect to the completion of the respective Project (as defined in the Agreement);

NOW, THEREFORE, it is hereby certified that all requirements of the Developer under the Agreement with respect to the completion of the Project have been completed and duly and fully performed, and this instrument is to be conclusive evidence of the satisfactory termination of the covenants and conditions of the Agreement as they relate to the completion of the Project. All other covenants and conditions of the Agreement shall remain in effect and are not terminated hereby.

(the remainder of this page is intentionally left blank.)

Dated this ____ day of _____, 20__.

CITY OF THIEF RIVER FALLS, MINNESOTA

By _____
Mayor

And _____
City Administrator

STATE OF MINNESOTA)
) SS
COUNTY OF PENNINGTON)

The foregoing instrument was acknowledged before me, this ____ day of _____, _____, by _____ the _____ of the City of Thief River Falls, Minnesota, a public body corporate and politic, on behalf of the City.

Notary Public
State of Minnesota
My Commission Expires: _____

EXHIBIT A

TO CERTIFICATE OF COMPLETION

The real property and interests in such property located in the County of Pennington, State of Minnesota and described as follows:

Parcel D (PID: 25.00341010):

Lot One (1) of Owner's Re-arrangement of Block Sixty-one (61) and Sixty-two (62) and Adjacent Lands of the Original Townsite of Thief River Falls, Minnesota, according to the Official Plat thereof, EXCEPT the following described tract: Beginning at the southwest corner of said Lot 1 which is marked by an iron monument thence running South 60° 40' East upon the south line of said Lot 1, a distance of 54.0 feet to an iron monument, then running North 1° 31' East a distance of 107.8 feet to a point; thence South 31° 45' West upon the west line of said Lot 1, a distance of 95.8 feet to the point of beginning.

AND

That certain tract of land lying in and being a part of Lots Two (2) and Four (4) of Owner's Re-arrangement of Blocks Sixty-one (61) and Sixty-two (62) and Adjacent Lands of the Original Townsite of Thief River Falls, Minnesota, according to the Official Plat thereof on record, and further described as follows:

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Parcel E (PID: 25.00341110):

All of Lots Three (3), Five (5), Six (6), Seven (7), Eight (8), of Owner's Re-arrangement of Blocks Sixty-one (61) and Sixty-two (62) and Adjacent Lands of the Original Townsite of Thief River Falls, Minnesota.

AND

All of Lots Two (2) and Four (4) of Owner's Re-arrangement of Blocks Sixty-one (61) and Sixty-two (62) and adjacent lands of the Original Townsite of Thief River Falls, Minnesota, EXCEPTING therefrom all that part of Lots Two (2) and Four (4) heretofore conveyed to the Robertson Lumber Company in that certain deed dated May 29, 1948, and recorded in Book 80 of Deeds, page 406, which said excepted portion is described as follows: Beginning at the Northeast corner of said Lot Two (2) at which there is an iron monument; thence running North 88 degrees, 42 minutes West a distance of 54 feet to an iron monument; thence running South 1 degree; 31 minutes West a distance of 92.9 feet to a point on the Easterly line of Lot Four (4); thence running North 31 degrees, 45 minutes East along and upon the Easterly line of Lots Four (4) and Two (2) a distance of 107.6 feet to the point of beginning.

AND

A triangular tract of land lying in the Southwest corner of Lot One (1) of Owner's Re-arrangement of Blocks Sixty-one (61) and Sixty-two (62) and Adjacent Lands of the Original Townsite of Thief River Falls, Minnesota, described as follows: Beginning at the Southwest Corner of Lot 1 which is marked by an iron monument; thence running South 60 degrees, 40 minutes East upon the Southerly line of said Lot One (1) a distance of 54 feet to an iron monument; thence running North 1 degree, 31 minutes East a distance of 107.8 feet to a point on the Westerly line of said Lot One (1); thence South 31 degrees, 45 minutes West along and upon the Westerly line of said Lot One (1) a distance of 95.8 feet to the point of beginning.

Parcel F (PID 25.00341210):

Lot (9), of Owner's Re-arrangement of Blocks Sixty-one (61) and Sixty-two (62) and Adjacent Lands of the Original Townsite of Thief River Falls, Minnesota together with all of vacated Bay Street beginning at the East line of LaBree Avenue and running thence East to the intersection of said Bay Street with the meander line of the Red Lake River, which said vacated Bay Street lies between Lots Eight (8) and Nine (9) of Owner's Re-arrangement of Blocks Sixty-one (61) and Sixty-two (62) and Adjacent Lands of the Original Townsite of Thief River Falls, Minnesota.

AND all of Lots One (1), Two (2), Three (3), and Four (4) of Block One (1), in Porter's Addition to Thief River Falls.

EXHIBIT E

FORM OF LIMITED TAX INCREMENT REVENUE NOTE

No. R- _____

\$[_____]

**UNITED STATES OF AMERICA
STATE OF MINNESOTA
CITY OF THIEF RIVER FALLS**

**LIMITED REVENUE TAXABLE TAX INCREMENT NOTE NO. [__]
(SANFORD REDEVELOPMENT PROJECT)**

PRINCIPAL AMOUNT: \$

INTEREST RATE: 4.00%

The City of Thief River Falls, Minnesota (the “City”) for value received, promises to pay, but solely from the source, to the extent and in the manner hereinafter provided, to Sanford Health Network North, or its registered assigns (the “Owner”), the principal sum of three million dollars (\$3,000,000.00), in semi-annual installments payable on August 1, 2027, and on each February 1 and August 1 thereafter up to and including February 1, 2052 (each being a “Scheduled Payment Date”), together with interest on the outstanding and unpaid principal balance of this Limited Tax Increment Revenue Note (Sanford Redevelopment Project) (this “Note”) at the rate of four percent (4.00%) per annum. Installment payments shall be applied first to interest and then to a reduction of outstanding principal. Interest on the outstanding balance of this Note shall accrue from the date hereof as simple, non-compounding interest. Each payment on this Note is payable in any coin or currency of the United States of America which on the date of such payment is legal tender for public and private debts and shall be made by check or draft made payable to the Owner and mailed to the Owner at the postal address within the United States designated from time to time by the Owner.

This Note is subject to prepayment on any Scheduled Payment Date at the option of the City, in whole or in part, upon payment to the Owner of the principal amount of the Note to be prepaid, without premium or penalty.

This Note is a special and limited obligation and not a general obligation of the City, which has been issued by the City in aid of financing a project pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including M.S., Sections 469.174 through 469.1794. This Note is issued pursuant to the provisions of that certain Tax Increment Financing Redevelopment Agreement, dated as of February 1, 2025, as the same may be amended from time to time (the “Redevelopment Agreement”), between the City and the Owner.

THIS NOTE IS NOT PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN AVAILABLE TAX INCREMENT, AS DEFINED BELOW.

The Note Payment Amounts due hereon shall be payable solely from a portion of the tax increments calculated annually, less the City’s administrative fee of ten percent (10%) from the Property within the City’s Tax Increment Financing District No. 12: Sanford Redevelopment (the “Tax Increment District”) within its Development District No. 1, which are paid to the City and which the City is entitled to retain pursuant to the provisions of M.S., Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the “Available Tax Increment”). THE CITY MAKES NO REPRESENTATION OR COVENANT, EXPRESS OR IMPLIED, THAT THE AVAILABLE TAX INCREMENTS WILL BE SUFFICIENT TO PAY, IN WHOLE OR IN PART, THE AMOUNTS WHICH ARE OR MAY BECOME DUE AND PAYABLE HEREUNDER.

The City shall pay to the Owner on each Scheduled Payment Date all Available Tax Increment on that date to the extent necessary to pay principal and interest then due and any past due installment. To the extent that the City is unable to pay the total principal and interest due on this Note at or prior to the February 1, 2052, maturity date hereof as a result of its having received as of such date insufficient Available Tax Increment, such failure shall not constitute a default under this Note and the City shall have no further obligation hereon.

This Note shall not be payable from or constitute a charge upon any funds of the City, and the City shall not be subject to any liability hereon or be deemed to have obligated itself to pay hereon from any funds except the Available Tax Increment, and then only to the extent and in the manner herein specified.

The Owner shall never have or be deemed to have the right to compel any exercise of any taxing power of the City or of any other public body, and neither the City nor any council member, officer, employee or agent of the City, nor any person executing or registering this Note shall be personally liable hereon by reason of the issuance or registration hereof or otherwise. The Owner may assign its rights hereunder, with notice thereof provided to City, in accordance with the Redevelopment Agreement.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the City outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the City to exceed any constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, the City of Thief River Falls has caused this Note to be executed by the manual signatures of the Mayor and the City Administrator and has caused this Note to be dated as of _____, 2025.

Mayor

City Administrator



Draft: Economic impact of a powersports manufacturing plant: Pennington and surrounding counties

Aiden Opatz, Extension Educator, January 2025

Introduction

In early 2025, a powersports manufacturing plant located in Thief River Falls, Minnesota plans on closing. The plant closure is estimated to result in the lay-off of around 530 employees and the plant will indefinitely suspend all production lines.

As the business is closing, local stakeholders are interested in understanding the economic impact of the layoffs. They engaged University of Minnesota Extension to complete this basic economic impact study. The results of this study are based on an average powersports manufacturing plant in the region.

Economic impact includes direct, indirect, and induced effects. The direct effect is spending directly on the project or activity. In this analysis, it is the operations of the manufacturing plant. To quantify the direct effects, Extension used the number of jobs at the manufacturing plant.

Economic impact terms

Direct effect: initial change

Indirect effect: business-to-business impacts

Induced effect: consumer-to-business impacts

Indirect and induced effects are also known as “ripple” effects. Spending on goods and services in the supply chain generates indirect effects. For example, the manufacturing plant purchases goods and services, such as electricity and snow removal. Spending by the plant’s employees — spurred by their paychecks — generates induced effects. Workers are paid and then purchase items, such as health care, housing, and groceries.

Extension used the input-output model IMPLAN to measure the economic impact of the manufacturing plant’s operation. Input-output models capture the flow of goods and services within an economy. Once the pattern is established, the model can show how a change in one area of the economy (say spending by the manufacturing plant) affects other parts of the economy (such as retail and health care).

Several companies that supply the powersports plant are located in Thief River Falls (Pennington County) and surrounding communities (including in other counties). In addition, employees of the manufacturing company live in neighboring counties. Thus, this analysis includes the economic impact of the plant on the six-county region of Pennington, Marshall, Red Lake, Polk, Clearwater, and Beltrami Counties.

Economic Contribution

As mentioned, the direct effect is employment at the manufacturing plant. The manufacturing plant will lay off around 530 employees. The industry’s average weekly wage in this region is \$1,098.¹ Based on that, the 530 jobs currently pay an estimated \$30.3 million dollars in labor income annually.

¹ From Department of Employment and Economic Development

In total, the loss of the annual operations of the manufacturing plant is estimated to impact 960 jobs in six-county region. The halting of operations will also result in the loss of an estimated \$65.7 million in labor income for those workers.

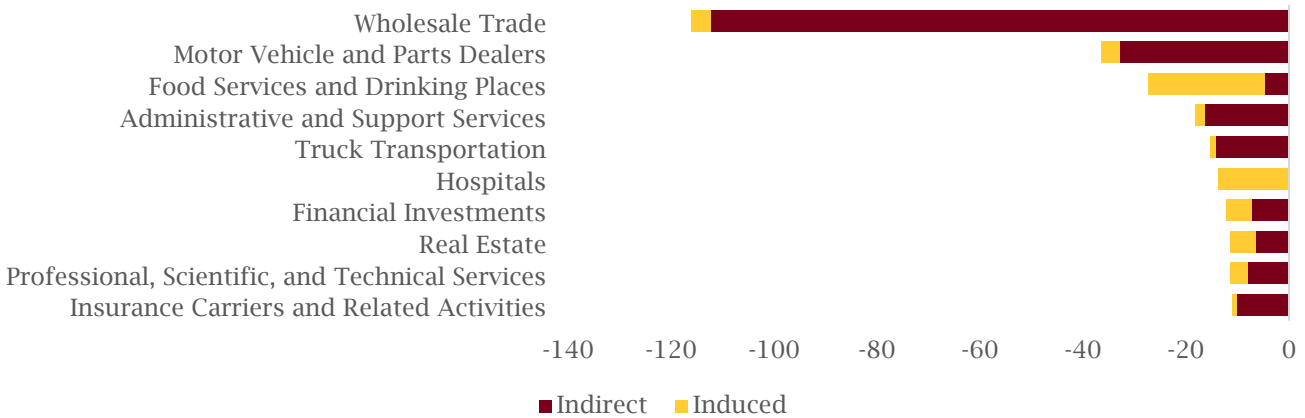
Table 1: Economic impact of the loss of 530 powersports manufacturing jobs in Pennington, Marshall, Red Lake, Polk, Clearwater, and Beltrami Counties, Minnesota

	Employment	Labor Income
Direct	(530)	\$(37,640,943)
Indirect	(264)	\$(19,934,638)
Induced	(166)	\$(8,091,615)
Total	(960)	\$(65,667,196)

Source: University of Minnesota Extension estimates, labor income estimated using the industry’s average weekly wage

In addition to the 530 jobs at the manufacturing plant, its operations have supported 430 workers at businesses throughout these communities. The types of businesses that are predicted to experience the largest impact include wholesale trade, motor vehicle and parts dealers, administrative and support services, and food services and drinking places (Chart 1).

Chart 1: Economic contribution of a powersports manufacturing plant: top industries affected sorted by employment Source: IMPLAN



To provide context for this analysis, as of the second quarter of 2024, there were 1,032 people employed in the manufacturing sector in Pennington County, Minnesota. Thus, this manufacturing plant’s operations support roughly 51 percent of the jobs in this sector in the county. In addition, the average weekly wage in manufacturing is roughly the same as the county average (Table 2).

Table 2: Economic data for Pennington, Minnesota, Quarter 2 of 2024

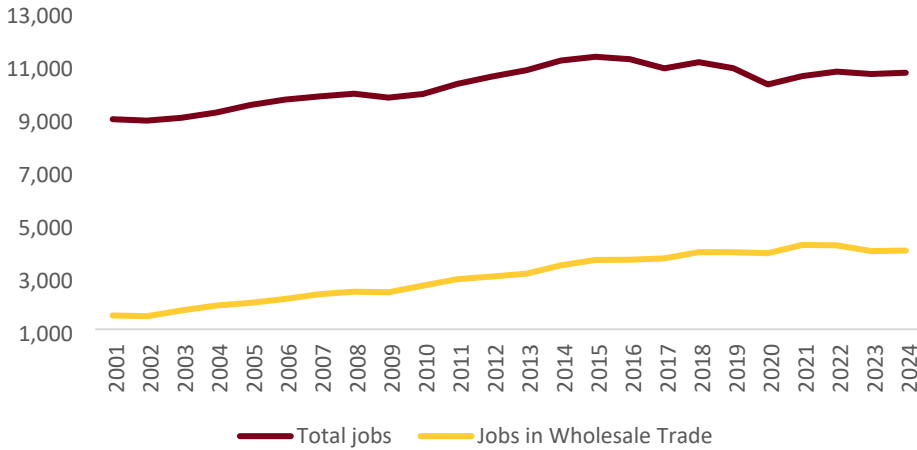
Number of private sector jobs in manufacturing	1,032
Percent of jobs supported by manufacturing plant	51%
Average weekly wage for all industries	\$1,086
Average weekly wage for manufacturing workers (county)	\$1,098
Manufacturing wages as percent of city average wage	101%

Source: Department of Employment and Economic Development

Pennington County has experienced a general increase in the number of jobs since 2001 (Chart 2). Much of the growth, however, has been driven by one particular industry (wholesale trade), which points to the need for jobs in other industries, like powersports manufacturing, which diversifies the economy.

Chart 2: Number of jobs, Pennington County, 2001 to 2024

Source: Lightcast



Notes on this Analysis

This analysis relies on output and wage data from an average manufacturing plant. The company did not provide any data specific to their situation.

This analysis uses the 2023 IMPLAN data as well as 2023 Lightcast data.

Extension Staff

Prepared by Aiden Opatz with input from Brigid Tuck, senior economic impact analyst and Rani Bhattacharyya, Extension educator

Learn more about University of Minnesota's Department of Community Development:
extension.umn.edu/community-development