City of Blaine
Economic Development Authority

June 2, 2025 | 8:00 PM
Blaine City Hall
10801 Town Square Drive NE
Blaine, MN 55449

The purpose of the Blaine Economic Development Authority is to increase the City's commercial/industrial tax base, provide employment opportunities, undertake redevelopment to enhance and maintain neighborhood economic stability, and address special needs, such as senior housing. As authorized under Minnesota State statutes, the Blaine City Council also serves as the Blaine Economic Development Authority.

AGENDA

1. Call to Order

2. Roll Call

3. Approval of Minutes

3.1. 2025-134 — Approval of the April 7, 2025, Economic Development Authority (EDA) Minutes.
Sponsors: Erik Thorvig, Community Development Director

4. Public Hearing

4.1. RES 25-80 — Resolution Relating to the Sale of Properties Owned by the Blaine EDA at 9021 University Avenue NE, Blaine, MN 55434, 20-90th Lane NE, Blaine, MN, 55434, and 9011 University Avenue NE, Blaine, MN 55434
Sponsors: Erik Thorvig, Community Development Director

5. New Business

5.1. RES 25-75 — Resolution for a Modification to the Interest Rate Buydown Program
Sponsors: Elizabeth Showalter, Community Development Specialist

5.2. RES 25-87 — Resolution Approving the Issuance and Sale of Conduit Recreational Facility Revenue Refunding Notes, Series 2025 and Authorizing the Execution of Documents Relating Thereto (National Sports Center Project)
Sponsors: Jason Zimmerman, Finance Director

6. Old Business

7. Adjournment

City of Blaine
Economic Development Authority

April 7, 2025 | 8:00 PM
Blaine City Hall
10801 Town Square Drive NE
Blaine, MN 55449

MINUTES

1. Call to Order

The meeting was called to order at 8:34PM by President Sanders followed by the Roll Call.

2. Roll Call

PRESENT: President Tim Sanders, Commissioners Terra Fleming, Chris Ford, Leslie Larson, Chris Massoglia, Tom Newland, and Jess Robertson.

ABSENT: None.

Quorum Present.

ALSO PRESENT: City Manager Michelle Wolfe; Community Development Director Erik Thorvig; City Planner Sheila Sellman; Safety Services Director/Police Chief Brian Podany; Finance Director Jason Zimmerman; Director of Administration Scott Johnson; Director of Engineering Dan Schluender; Communications Manager Ben Hayle; and City Clerk Catherine Sorensen.

3. Approval of Minutes

3.1. 2025-80 Approval of the February 19, 2025 Economic Development Authority (EDA) Minutes.
Sponsors: Erik Thorvig, Community Development Director

Moved by Commissioner Newland, seconded by Commissioner Robertson, that the minutes of February 19, 2025, be approved.

Motion adopted unanimously.

4. New Business

4.1. RES 25-60 Resolution Approving a $75,000 Loan toThe Wild Hare Blaine LLC for Build Out of Space at 10340 Baltimore Street NE, Suite 100.
Sponsors: Erik Thorvig, Community Development Director

Community Development Director Thorvig stated the Wild Hare Blaine LLC has requested a loan of $75,000 to remodel the space at 10340 Baltimore Street NE, Suite 100. The space was formally occupied by Umi Sushi. This building is located at the National Market Center on the southwest corner of 104th Avenue and Baltimore. The Wild Hare entered into a new 10-year lease for the space in early 2025. The business concept is a restaurant with a focus on fresh ingredients free of processed foods, seed oils, etc. A business plan is included in the attachments which explains the business model. The total project cost for the build-out of the space is $250,000. At least 50% of the financing must come from a private lender or private equity. The applicant has committed private equity in the amount of $175,000 therefore the requirement is met. Staff is proposing a loan based on the following terms:

- Amount - $75,000
- 10-year term
- Defer first payment until January 2026
- 7% interest

Mr. Thorvig explained the city has a partnership with Central Minnesota Development Company (CMDC) to review loan applications and provide loan closing services. CMDC completed a thorough underwriting of the application and recommends approval of the loan. If approved, CMDC will prepare loan documents for signing. The loan documents will include loan security and guaranty identifying that the note shall be secured by a security interest in the assets of the borrower and personal guarantees. Because no other private financing is involved, the EDA's loan will be in first position.

Moved by Commissioner Robertson, seconded by Commissioner Larson, to adopt a Resolution Approving a $75,000 Loan to The Wild Hare Blaine LLC for Build Out of Space at 10340 Baltimore Street NE, Suite 100.

Commissioner Massoglia asked if there was any recourse the city could take against the former tenants for the damage that was caused to the property. Mr. Thorvig stated he was uncertain if the landlord had pursued action against the former tenant.

Commissioner Newland explained he was a member at large of the CMDC, but was not on the board of directors. He questioned if he should abstain from voting on this item. City Attorney Loonan reported if Commissioner Newland's membership does not convey any financial benefit, he would be able to vote on this item.

Commissioner Robertson stated she was pleased that The Wild Hare had found a space in Blaine noting this would be a great add to the community.

Commissioner Larson agreed.

Motion adopted unanimously.

5. Old Business

None.

6. Adjournment

Moved by Commissioner Robertson, seconded by Commissioner Newland, to adjourn the meeting at 8:43PM.

Motion adopted unanimously.

City of Blaine
Staff Report

File Number: RES 25-80

Agenda Date	Status
June 2, 2025	
In Control	**File Type**
Economic Development Authority	Resolution

Public Hearing - Erik Thorvig, Community Development Director

Agenda Item # 4.1

Resolution Relating to the Sale of Properties Owned by the Blaine EDA at 9021 University Avenue NE, Blaine, MN 55434, 20-90th Lane NE, Blaine, MN, 55434, and 9011 University Avenue NE, Blaine, MN 55434

Executive Summary

Authorizing the sale of the lots at 98021 University Avenue, 20-90th Lane, and 9011 University Avenue.

Background

The City of Blaine Economic Development Authority (EDA) owns three parcels at 90th Lane and University Avenue. The parcels are 9011 University Avenue, 9021 University Avenue and 20-90th Lane. The parcels total 2.15 acres.

The EDA acquired the parcels in separate real estate transactions in 2008 and 2012. The total acquisition costs were $1,280,000. The parcels contained a gas station and retail building which have since been demolished. The EDA acquired the properties in anticipation of redevelopment of the entire commercial area north of 89th Avenue and east of University Avenue. The building to the south was mostly vacant for many years after K-Mart closed. Several years ago, the building was remodeled and occupied by various tenants. With the investment of this building, a larger redevelopment of the area is not anticipated. Therefore, the EDA could look at selling property for development on a smaller scale.

In 2023, the City Council changed the land use in the 2040 Comprehensive Plan for these parcels to Medium Density Residential/Community Commercial (MDR/CC). This was based on the Northtown Revitilization Plan and extensive discussion by the City Council regarding future land use. The current land use designation allows for residential development at densities between 6-12 units/acre in the form of detached or attached housing, but not apartments. The previous land use was High Density Residential/Planned Commercial (HDR/PC). The properties were rezoned to County Road 10 Mixed Use (MU) along with all the properties within the Northtown area.

The City held an open house on August 26, 2024, to obtain feedback from residents regarding future use of EDA-owned property, which included the subject site and property at 211 89th Avenue. This information was presented to the City Council at a workshop on September 4, 2024. Comments related to housing included the following:

- Single-story residential (concern about height and compatibility with single-story houses in the neighborhood)
- For-sale product, no rentals
- Smaller units
- Install turn lane to 90th Lane from University Avenue

Hedberg Homes approached staff last fall about a townhome project on the subject property. The City Council discussed the proposal at the November 4, 2024, workshop and supported the developer exploring the concept further. The developer brought the revised plan back to workshop on May 5, 2025, with Council feedback in support of the townhome project and selling the property.

The developer offered $260,000 for the property ($26,000/unit). A closed session was held by the City Council to discuss the asking price. The buyer is willing to pay $270,000 ($27,000/unit). The purchase agreement reflects this price. Additional terms in the purchase agreement include:

1. Reduction in sale price if units are lost due to the turn lane on University Avenue - Though not expected, if Anoka County requirements for the turn lane on University Avenue require the loss of a unit, the sale price would be reduced by $27,000, which is the price per unit.
2. Environmental Issues - Since the site is a former gas station property, there may be environmental issues encountered by the buyer. Tanks were removed shortly after purchase by the EDA in the early 2000s and environmental closure letters were provided by the Minnesota Pollution Control Agency (MPCA), so issues aren't anticipated. However, if the buyer encounters soil contamination during the due diligence period, the agreement allows for a negotiation on a potential reduction in sales price to address remediation. If this occurs and a purchase price can't be negotiated, the agreement can be terminated.
3. Closing is contingent upon the buyer receiving necessary zoning/development entitlements.

Strategic Plan Relationship

Implementation of Northtown Masterplan

Board/Commission Review

N/A

Financial Impact

The purchase price is $270,000. Any sale proceeds would go into the EDA capital fund.

Public Outreach/Input

A public hearing is required for the EDA to sell property. Notification of the public hearing was provided in the city's official newspaper.

Staff Recommendation

Approve the attached resolution.

Attachment List

1. Location Map
2. Purchase Agreement

City of Blaine

Signature Copy

Resolution: RES 25-80

Resolution Relating to the Sale of Properties Owned by the Blaine EDA at 9021 University Avenue NE, Blaine, MN 55434, 20-90th Lane NE, Blaine, MN, 55434, and 9011 University Avenue NE, Blaine, MN 55434

WHEREAS, the Blaine Economic Development Authority owns three lots at 9021 University Ave NE, 20-90th Lane NE, and 9011 University Ave NE; and

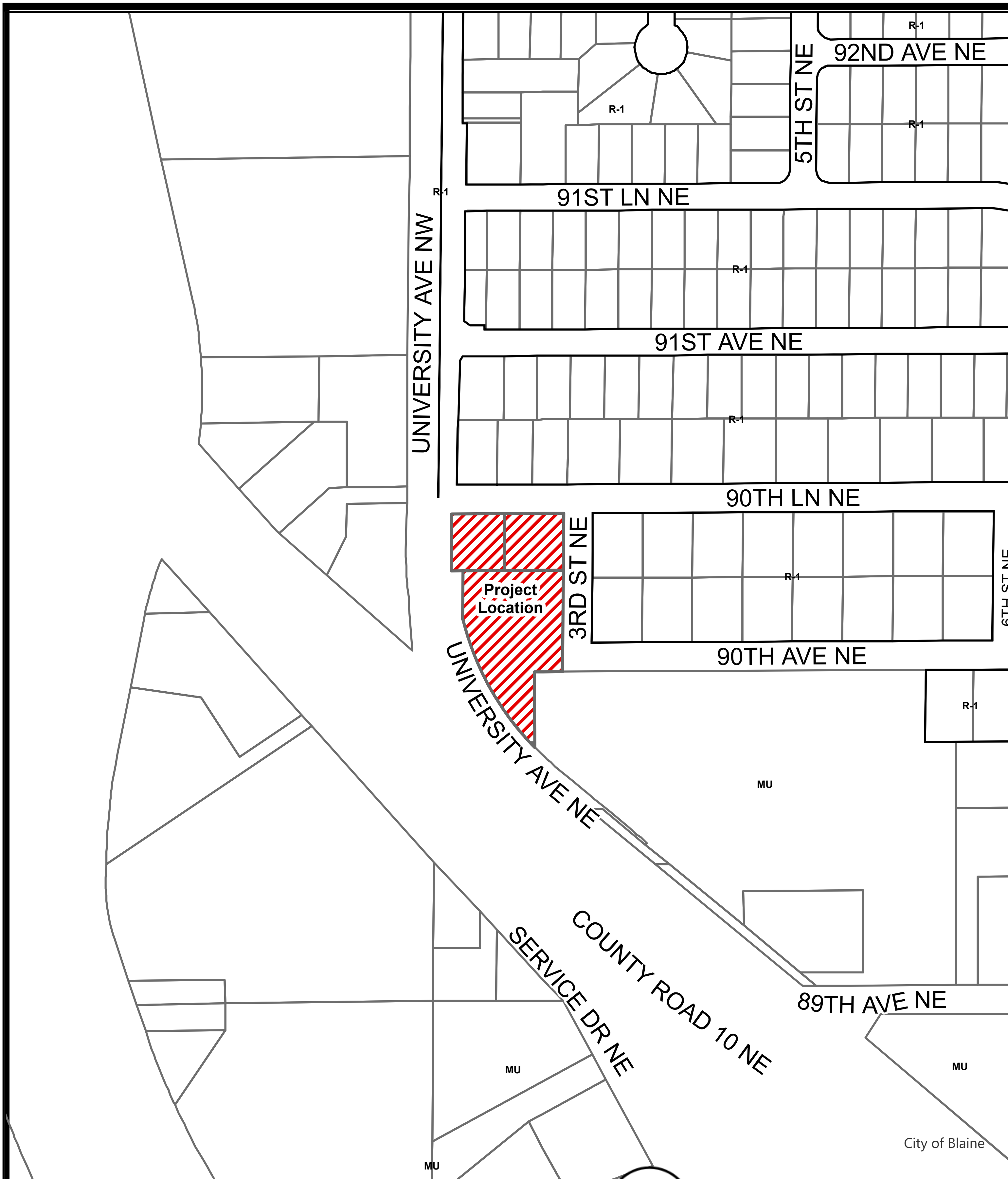
WHEREAS, the three lots total 2.17 acres; and

WHEREAS, EDA has been approached by a company willing to purchase the land from the EDA; and

WHEREAS, a purchase agreement has been prepared outlining terms of the sale.

NOW THEREFORE, BE IT RESOLVED, that the Blaine Economic Development Authority hereby approves the sale of the land at 9021 University Ave, 20-90th Lane NE, and 9011 University Ave for two hundred seventy thousand dollars ($270,000) to Ranger Development and authorizes the executive director and president to execute an agreement outline terms of the sale.

PASSED by the Blaine Economic Development Authority this 2nd day of June, 2025.



BlaineMN.gov

EDA Properties

Blaine Planning Department / 10801 Town Square Dr NE / Blaine, MN 55449 / (763) 785-6180

PURCHASE AGREEMENT

THIS AGREEMENT is made as of ______________, 2025, between Ranger Development.("Buyer"), and the Blaine Economic Development Authority, a political subdivision under the laws of the State of Minnesota("Seller").

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

1. Sale of Property. Seller agrees to sell to Buyer, and Buyer agrees to buy from Seller, the following property (collectively the "Property").

(a) Real Property. The real property located in Anoka County, Minnesota described on the attached Exhibit A ("Land"), together with all easements and rights benefiting or appurtenant to the Land (collectively the "Real Property").

2. Purchase Price and Manner of Payment. The total purchase price ("Purchase Price") to be paid by Buyer to Seller for the Property shall be Two Hundred Seventy Thousand ($270,000) Dollars, which Purchase Price shall be payable as follows:

(a) Earnest Money of $5,000, receipt of which is hereby acknowledged, which Earnest Money shall be held by All American Title, Inc.(“The Title Company”).

3. Contingencies. The obligations of Buyer under this Agreement are contingent upon each of the following:

(a) Representations and Warranties. The representations and warranties of Seller contained in this Agreement must be true now and on the Closing Date as if made on the Closing Date.

(b) Title. Title to the Property shall be acceptable to Buyer in Buyer's sole discretion, in accordance with the requirements and terms of Section 6 below.

(c) Performance of Seller's Obligations. Seller shall have performed all of the obligations required to be performed by Seller under this Agreement, as and when required by this Agreement. Included within the obligations of Seller under this Agreement shall be the following:

(i) Seller shall allow Buyer, and Buyer's agents, access to the Property without charge and at all reasonable times for the purpose of Buyer's investigation and testing of the same. Buyer shall pay all costs and expenses of such investigation and testing.

(ii) Seller shall execute such applications, covenants, plat or other documents as may be reasonably required by Buyer to make use of the Property which Buyer intends.

(d) Testing. Buyer shall have determined, in its sole discretion, on or before the Closing Date, that it is satisfied with the results of and matters disclosed by soil tests, well tests, engineering inspections, hazardous waste and environmental reviews of the Property, all such tests, inspections and reviews to be obtained at Buyer's sole cost and expense.

(i.) If, during Buyer's inspections or due diligence period, the Property is found to have soil contamination, including but not limited to hazardous materials, petroleum products, heavy metals, or other regulated substances, Buyer shall notify Seller in writing and provide a copy of the applicable environmental or soil report. Upon such notice, the parties agree to negotiate in good faith an equitable reduction in the Purchase Price to reflect the cost of remediation, mitigation, or any resulting diminution in property value.

(ii.) If the parties are unable to reach a mutually acceptable revised Purchase Price within ___ days of such notice, Buyer may, at Buyer's sole discretion, terminate this Agreement and receive a full refund of any earnest money deposit. In the event of such termination, the City agrees to reimburse Buyer for the full cost of the soil report, and all rights, ownership, and use of the soil report shall transfer to and become the sole property of the City.

(iii.) Buyer acknowledges receipt of three reports and one closure report provided by the City of Blaine from the Minnesota Pollution Control Agency

(e) Document Review. Buyer shall have determined, on or before the Closing Date, that it is satisfied with its review and analysis of the Title Evidence to the Property.

(f) Government Approvals. Buyer shall obtain all necessary government approvals to the plan as shown in Exhibit C.

(g) If Anoka County requires additional right-of-way for the turn lane from University Avenue onto 90th Lane NE beyond what is shown on the concept plan—resulting in the loss of one unit will reduce the purchase price by $27,000.00, reflecting the per-unit sale price.

If any such contingency has not been satisfied on or before the Closing Date, then this Agreement may be terminated, at Buyer's option, by written notice from Buyer to Seller. Such notice of termination may be given at any time on or before the Closing Date. Upon such termination, neither party will have any further rights or obligations regarding this Agreement or the Property, all Earnest Money will be returned to Buyer, and the parties shall execute a written cancellation of this Agreement. All contingencies set forth in this Agreement are specifically stated and agreed to be for the sole and exclusive benefit of the Buyer and the Buyer shall have the right to unilaterally waive any contingency by written notice to Seller.

4. Closing. The closing of the purchase and sale contemplated by this Agreement (the "Closing") shall occur after Preliminary Plat approval is completed by City of Blaine for development of proposed project and prior to 12/31/2025 (the "Closing Date"). The closing shall take place at the office of the Title Company that provides the Title Commitment, or at such other place as may be agreed to. Seller agrees to deliver possession of the Property to Buyer on the Closing Date.

(a) Seller's Closing Documents. On the Closing Date, Seller shall execute and/or deliver to Buyer the following (collectively "Seller's Closing Documents"):

(1) Deed. A Warranty Deed, in form reasonably satisfactory to Buyer, conveying the Real Property to Buyer, free and clear of all encumbrances, except the Permitted Encumbrances hereafter defined.

(2) Title Policy. The Title Policy, or a suitably marked up Commitment for Title Insurance initialed by the Title Company, in the form required by this Agreement.

(3) Opinion of Seller's Counsel. If Seller is a corporation, partnership, or other entity, and if Seller is represented by counsel, an opinion of Seller's counsel, dated as of the Closing Date, in form reasonably satisfactory to Buyer, that Seller has been duly organized and is in good standing under the laws of the State of Minnesota; that Seller is duly qualified to transact business in the State of Minnesota; that Seller has the requisite power and authority to enter into and perform this Agreement, and those Seller's Closing Documents signed by it; that such documents have been duly authorized by all necessary action on the part of the Seller and duly executed and delivered; that the execution, delivery and performance by Seller of such documents do not conflict with or result in a violation of Seller's Articles of Organization or Operating Agreement or any judgment, order or decree of any court or arbiter to which Seller is a party; that such documents are valid and binding obligations of Seller, enforceable in accordance with their terms.

(4) Seller's Affidavit. An Affidavit of Title by Seller indicating that on the Closing Date there are no outstanding, unsatisfied judgments, tax liens or bankruptcies against or involving Seller or the Real Property; that there has been no skill, labor or material furnished to the Real Property for which payment has not been made or for which mechanics' liens could be filed; and that there are no other unrecorded interests in

the Real Property, together with whatever standard owner's affidavit and/or indemnity which may be required by the Title Company to issue an Owner's Policy of Title Insurance with the standard exceptions waived.

(5) FIRPTA Affidavit. A non-foreign affidavit, properly executed and in recordable form, containing such information as is required by IRC Section 1445(b)(2) and its regulations.

(6) Owner's Duplicate Certificate of Title. The Owner's Duplicate Certificate of Title, if any, regarding the Real Property.

(7) IRS Form. A Designation Agreement designating the "reporting person" for purposes of completing Internal Revenue Form 1099.

(8) Other Documents. All other documents reasonably determined by Buyer to be necessary to transfer the Property to Buyer free and clear of all encumbrances.

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

(1) Purchase Price. The Purchase Price by Buyer's check.

(2) Title Documents. Such affidavits of Purchaser, Certificate of Real Estate Value or other documents as may be reasonably required by the Title Company in order to record the Seller's Closing Documents and issue the Title Insurance Policy required by this Agreement.

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

(a) Title Insurance and Closing Fee. Seller will pay all costs of Title Evidence, and the fees charged by Title for any escrow regarding Buyer's Objections. Buyer will pay all premiums required for the issuance of an

ALTA Owner's Title Insurance Policy. Seller and Buyer will each pay one-half of any reasonable and customary closing fee or charge imposed by any closing agent designated by the Title Company.

(b) Deed Tax. Seller shall pay all state deed tax regarding the Warranty Deed to be delivered by Seller under this Agreement.

(c) Real Estate Taxes and Special Assessments. Seller will pay on or before the Closing Date, all special assessments levied, pending or constituting a lien against the Real Property as of the Closing Date including without limitation any installments of special assessments including interest payable with general real estate taxes in the year of Closing. General real estate taxes and installments of special assessments payable in all years prior to the year of Closing will be paid by Seller. General real estate taxes payable in the year of Closing shall be prorated by Seller and Buyer as of the Closing Date based upon a calendar year. Seller shall pay all deferred real estate taxes or special assessments which may become payable as a result of the sale contemplated hereby. If the amount of such general real estate taxes and installments of special assessments payable therewith cannot be determined on the Closing Date, Seller will deposit with the Title Company, from the Purchase Price, an amount equal to 110% of the most current estimate of such taxes and special assessment installments, assuming for estimating purposes that the Real Property will be fully assessed. Such deposit will be held in escrow and all interest earnings on such deposit will be paid to Seller. The Title Company will retain such deposit to pay Seller's share of the actual general real estate taxes payable in year of Closing and installments of special assessments including interest payable therewith, paying any excess over to Seller. Seller will pay any deficiency, when such general real estate taxes and installments of special assessments including interest payable therewith are known.

(d) Recording Costs. Seller will pay the costs of recording all documents necessary to place record

title
in the condition warranted in this Agreement. Buyer will pay the cost of recording all other documents.

(e) Other Costs. All other operating costs of the Property, will be allocated between Seller and Buyer as of the Closing Date, so that Seller pays that part of such other operating costs payable before the Closing Date, and Buyer pays that part of such operating costs payable from and after the Closing Date.

(f) Attorney's Fees. Each of the parties will pay its own attorneys fees, except that a party defaulting under this Agreement or any closing document will pay the reasonable attorney's fees and court costs incurred by the nondefaulting party to enforce its rights regarding such default.

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

(a) Seller's Title Evidence. Seller shall within fifteen (15) days after the date of this Agreement, furnish the following (collectively the "Title Evidence") to Buyer:

(1) Title Evidence. Seller shall, at its cost, provide a Commitment for an ALTA Owner's Policy of Title Insurance insuring title to the Real Property, deleting standard exceptions and including affirmative insurance regarding zoning, appurtenant easements, and such other matters as may be identified by Buyer, in the amount of the Purchase Price.

(b) Buyer's Objections. Within fifteen (15) days after receiving the last of the Title Evidence, Buyer will make written objections ("Objections") to the form and/or contents of the Title Evidence, or at Buyer's expense to make application for an ALTA Owner's Title Insurance Policy. Buyer shall have fifteen(15) days after receipt of its Commitment for Title Insurance to provide Seller with a copy of the Commitment and Buyer's Objections. Buyer's failure to make

Objections within such time period will constitute a waiver of Objections. Any matter shown on such Title Evidence and not objected to by Buyer shall be a "Permitted Encumbrance" hereunder. Seller will have thirty (30) days after receipt of the Objections to cure the Objections, during which period the Closing Date will be postponed as necessary. Seller shall use its best efforts to correct any Objections. To the extent an Objection can be satisfied by the payment of money, Buyer shall have the right to apply a portion of the cash payable to Seller at the Closing to satisfaction of such Objection and the amount so applied shall reduce the amount of cash payable to Seller at the Closing. If the Objections are not cured within such 30-day period, Buyer will have the option to do any of the following:

(1) Terminate this Agreement.

(2) Withhold from the Purchase Price an amount which, in the reasonable judgment of Title, is sufficient to assure cure of the Objections. Any amount so withheld will be placed in escrow with Title, pending such cure. If Seller does not cure such Objections within ninety (90) days after such escrow is established, Buyer may then cure such Objections and charge the costs of such cure (including reasonable attorney's fees) against the escrowed amount. If such escrow is established, the parties agree to execute and deliver such documents as may be reasonably required by Title, and Seller agrees to pay the charges of Title to create and administer the escrow.

(3) Waive the Objections and proceed to close.

7. Operation Prior to Closing. During the period from the date of Seller's acceptance of this Agreement to the Closing Date (the "Executory Period"), Seller shall operate and maintain the Property in the ordinary course of business in accordance with prudent, reasonable business standards, including the maintenance of adequate liability insurance and insurance against loss by fire, windstorm and other hazards, casualties and contingencies, including vandalism and malicious mischief.

Seller shall execute no contracts, leases or other agreements regarding the Property during the Executory Period that are not terminable on or before the Closing Date, without the written consent of Buyer, which consent may be withheld by Buyer at its sole discretion.

8. Representations and Warranties by Seller. Seller represents and warrants to Buyer as follows:

(a) Authority. If Seller is a corporation, partnership or other entity, Seller represents that it is duly organized and is in good standing under the laws of the State of Minnesota; Seller is duly qualified to transact business in the State of Minnesota; Seller has the requisite power and authority to enter into and perform this Agreement and those Seller's Closing Documents signed by it; such documents have been duly authorized by all necessary action on the part of Seller and have been duly executed and delivered; such execution, delivery and performance by Seller of such documents does not conflict with or result in a violation of Seller's Articles of Organization or Operating Agreement, or any judgment, order, or decree of any court or arbiter to which Seller is a party; such documents are valid and binding obligations of Seller, and are enforceable in accordance with their terms.

(b) Title to Property. Seller owns the Property, free and clear of all encumbrances except the Permitted Encumbrances identified on Exhibit C attached hereto (the "Permitted Encumbrances").

(c) Utilities. Seller has received no notice of actual or threatened reduction or curtailment of any utility service now supplied to the Real Property.

(d) Rights of Others to Purchase Property. Seller has not entered into any other contracts for sale of the Property, nor are there any rights of first refusal or options to purchase the Property or any other rights of others that might prevent the consummation of this Agreement.

(e) Seller's Defaults. Seller is not in default concerning any of its obligations or liabilities regarding the Property.

(f) FIRPTA. Seller is not a "foreign person", foreign partnership", "foreign trust" or "foreign estate" as those terms are defined in Section 1445 of the Internal Revenue Code.

(g) Proceedings. There is no action, litigation, investigation, condemnation or proceeding of any kind pending or threatened against Seller or any portion of the Property.

(h) Agents and Employees. No management agents or other personnel employed in connection with the operation of the Property have the right to continue such employment after the Closing Date. There are no claims for brokerage commission or other payments with respect to the existing Property, including leases which will survive and remain unpaid after the Date of Closing.

(j) Wells. The Seller acknowledges there is a well on the property.

(k) Sale “As-is,” “Where Is” Condition – No representations or Express or Implied Warranties

Buyer represents that is a sophisticated purchaser with experiences purchasing and operating assets such as the Property. Buyer acknowledges that Seller has accorded, and during the Inspection Period will accord, Buyer a full and fair opportunity to many and all inspections of the Property that Buyer deems necessary or advisable. Finally, Buyer represents and agrees that in purchasing the Property is relying on its own financial evaluation of all matters relating to the purchase and its own inspection of the property and analysis both prior to the date of this Agreement and during the Inspection Period, and not on any assurances, representations or statements of the Seller or its agents, representatives or employees. Accordingly, by closing on its purchase of the Property, Buyer hereby agrees and shall be deemed to have elected to accept the Property on an “AS

IS,""WHERE IS" basis, with all defects deficiencies and shortages whether patent or latent. Buyer likewise hereby agrees to assume all risks related to the condition of the Property, including that posed by all such defects, deficiencies and shortages, from and after the date of Closing. Buyer acknowledges and agrees that, other than as expressly set forth in this Agreement, neither seller nor its property manager, nor any of their agents, board members, managers, members, officers or employees have made any representations or warranties whatsoever, express or implied, as to zoning, land use controls and entitlements; as to public or private use rights and restrictions; as to building, fire and safety code compliance; as to the condition or quality of any element of the Property, including without limitation, representations or warranties as to value, merchantability, fitness or suitability for a particular purpose; as to soil, water or any other environmental conditions; as to matters relating to either above ground or underground storage tanks, as to taxes or assessments; or as to any other matter whatsoever. By Closing on its purchase of the Property, Buyer shall be deemed to and hereby does, relinquish and waive any and all rights, claims or causes of action relating to the Property the Buyer has or may ever have against the one or more of the Seller, its property managers, officers, board of directors, agents, employees and members for indemnification, contribution, reimbursement, refunds, damages, costs or other monetary awards, or any form of equitable or injunctive relief, including by not limited to those arising under or based upon any federal, state or local statute, law, ordinance, rule or regulation, or the common law, dealing with any matter whatsoever, including but not limited to those regulating or concerned with the environment, public health and safety, pollution or as to any other matter whatsoever, including, without limitation, CERCLA, 42 U.S.C. 9601-9607 and MERLA, Minn. Stat. Ch. 115B

9. Damage. If, prior to the Closing Date, all or any part of the Property is substantially damaged by fire, casualty,

unforeseen elements or any other cause, Seller shall immediately give notice to Buyer of such fact and at Buyer's option (to be exercised within thirty (30) days after Seller's notice), this Agreement shall terminate, in which event neither party will have any further obligations under this Agreement. If Buyer fails to elect to terminate despite such damage, or if the Property is damaged but not substantially, Seller shall promptly commence to repair such damage or destruction and return the Property to its condition prior to such damage. If such damage shall be completely repaired prior to the Closing Date then there shall be no reduction in the Purchase Price and Seller retain the proceeds of all insurance related to such damage. If such damage shall not be completely repaired prior to the Closing Date but Seller is diligently proceeding to repair, then Seller shall complete the repair after the Closing Date and shall be entitled to receive the proceeds of all insurance related to such damage after repair is completed; provided, however, Buyer shall have the right to delay the Closing Date until repair is completed. If Seller shall fail to diligently proceed to repair such damage then Buyer shall have the right to require a closing to occur and the Purchase Price (and specifically the cash portion payable at the Closing Date) shall be reduced by the cost of such repair, or at Buyer's option, the Seller shall assign to Buyer all right to receive the proceeds of all insurance related to such damage and the Purchase Price shall remain the same.

10. Condemnation. If, prior to the Closing Date, eminent domain proceedings are commenced against all or any part of the Property, Seller shall immediately give notice to Buyer of such fact and at Buyer's option (to be exercised within thirty (30) days after Seller's notice), this Agreement shall terminate, in which event neither party will have further obligations under this Agreement. If Buyer shall fail to give such notice then there shall be no reduction in the Purchase Price, and Seller shall assign to Buyer at the Closing Date all of Seller's right, title and interest in and to any award made or to be made in the condemnation proceedings. Prior to the Closing Date, Seller shall not designate counsel, appear in, or otherwise act with respect to the condemnation proceedings without Buyer's prior written consent.

11. Broker's Commission. Seller and Buyer represent and warrant to each other that they have dealt with no brokers,

finders or the like in connection with this transaction, and agree to indemnify each other and to hold each other harmless against all claims, damages, costs or expenses of or for any other such fees or commissions resulting from their actions or agreements regarding the execution or performance of this Agreement, and will pay all costs of defending any action or lawsuit brought to recover any such fees or commissions incurred by the other party, including reasonable attorney's fees.

12. Mutual Indemnification. Seller and Buyer agree to indemnify each other against, and hold each other harmless from, all liabilities (including reasonable attorneys' fees in defending against claims) arising out of the ownership, operation or maintenance of the Property for their respective periods of ownership. Such rights to indemnification will not arise to the extent that (a) the party seeking indemnification actually receives insurance proceeds or other cash payments directly attributable to the liability in question (net of the cost of collection, including reasonable attorneys' fees) or (b) the claim for indemnification arises out of the act or neglect of the party seeking indemnification. If and to the extent that the indemnified party has insurance coverage, or the right to make claim against any third party for any amount to be indemnified against as set forth above, the indemnified party will, upon full performance by the indemnifying party of its indemnification obligations, assign such rights to the indemnifying party or, if such rights are not assignable, the indemnified party will diligently pursue such rights by appropriate legal action or proceeding and assign the recovery and/or right of recovery to the indemnifying party to the extent of the indemnification payment made by such party.

13. Assignment. Either party may assign its rights under this Agreement before or after the Closing. Any such assignment will not relieve such assigning party of its obligations under this Agreement.

14. Survival. All of the terms of this Agreement will survive and be enforceable after the Closing.

15. Notices. Any notice required or permitted to be given by any party upon the other is given in accordance with this Agreement if it is directed to Seller by delivering it personally to an officer of Seller; or if it is directed to Buyer, by delivering it personally to Buyer; or if mailed in a

sealed wrapper by United States registered or certified mail, return receipt requested, postage prepaid; or if transmitted by facsimile, copy followed by mailed notice as above required; or if deposited cost paid with a nationally recognized, reputable overnight courier, properly addressed as follows:

If to Buyer: Ranger Development
4247 117th Ave. NE
Blaine, MN 55449

If to Seller: Blaine Economic Development Authority
Attn: Erik Thorvig
10801 Town Square Dr.
Blaine, MN 55449

Notices shall be deemed effective on the earlier of the date of receipt or the date of deposit as aforesaid; provided, however, that if notice is given by deposit that the time for response to any notice by the other party shall commence to run one business day after any such deposit. Any party may change its address for the service of notice by giving written notice of such change to the other party, in any manner above specified ten (10) days prior to the effective date of such change.

16. Captions. The paragraph headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement and are not to be considered in interpreting this Agreement.

17. Entire Agreement; Modification. This written Agreement constitutes the complete agreement between the parties and supersedes any prior oral or written agreements between the parties regarding the Property. There are no verbal agreements that change this Agreement and no waiver of any of its terms will be effective unless in writing executed by the parties.

18. Binding Effect. This Agreement binds and benefits the parties and their successor and assigns.

19. Controlling Law. This Agreement has been made under the laws of the State of Minnesota, and such laws will control its interpretation.

20. Remedies. If Buyer defaults in the performance of this agreement due to no fault of Seller, then Seller may, as

its sole and exclusive remedy, terminate this agreement in accordance with Minn. Stat. §559.21. The termination of this Agreement will be the sole remedy available to Seller for such default by Buyer, and Buyer will not be liable for damages or specific performance. If Seller defaults under this Agreement, this provision does not preclude Buyer from seeking and recovering from Seller damages for nonperformance or specific performance of this Agreement. If Seller defaults under this Agreement, Buyer shall have no right to seek damages from Seller for Buyer's loss of its bargain in failing to acquire the Property, but Buyer shall recover as damages from Seller all of Buyer's out-of-pocket costs and fees including without limitation attorneys' fees, accountants' fees and other consultants' fees incurred by Buyer in preparing and negotiating this Agreement, preparing for the closing, obtaining financing commitments, investigating the status, title and condition of the Property, and other similar and reasonable costs and expenses.

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

SELLER:

By:____________________________
Its:

BUYER:

By: ____________________________
Its:

BUYER:

By:____________________________
Its:

EXHIBIT A -   REAL PROPERTY DESCRIPTION

LOT 1 BLK 3 OAK TERRACE EX THE E 134 FT OF SD LOT 1 SUBJ TO EASE OF REC

AND

LOT 1 BLK 3 OAK TERRACE, EX W 120 FT THEREOF, SUBJ TO EASE OF REC

AND

LOT 2 BLOCK 3 OAK TERRACE , TOG/W THAT PRT OF SW1/4 OF NW1/4 OF SEC 31 TWP 31 RGE 23 DESC AS FOL: COM AT A PT ON W R/W LINE OF 3RD ST NE 165 FT S OF MOST NELY COR OF SD LOT 2, TH W PRLL/W N LINE OF SD LOT 2 TO W LINE THEREOF, TH SLY & SELY ALG NELY R/W LINE OF T H NO 10 TO INTER/W WLY EXT OF S LINE OF LOT 3 BLK 3 OF SD OAK TERRACE, TH E ALG SD EXT TO INTER/W A LINE RUN PRLL/W & 128 FT W OF W LINE OF SD LOT 3 (AS MEAS ALG WLY EXT OF N LINE OF SD LOT 3), TH NLY ALG SD PRLL LINE TO INTER/W WLY EXT OF N LINE OF SD LOT 3 BLK 3, TH E ALG SD WLY EXT TO W R/W LINE OF SD 3RD ST NE, TH N ALG SD W R/W LINE TO POB, EX RD, SUBJ TO EASE OF REC

PIDS: 31-31-23-23-0042 and 31-31-23-23-0043 and 31-31-23-23-0059

EXHIBIT B – PERMITTED ENCUMBRANCES

EXHIBIT C - SITE PLAN/GOVERNMENT APPROVALS

City of Blaine
Staff Report

File Number: RES 25-75

Agenda Date	Status
June 2, 2025	

In Control	File Type
Economic Development Authority	Resolution

New Business - Elizabeth Showalter, Community Development Specialist

Agenda Item # 5.1

Resolution for a Modification to the Interest Rate Buydown Program

Executive Summary

The EDA utilizes Local Affordable Housing Aid for a interest rate buydown through a forward commitment partnership with Refined Lending. Staff is recommending modifications to the program to improve utilization.

Background

The City receives Local Affordable Housing Aid (LAHA) from the Minnesota Department of Revenue for use on eligible affordable housing projects and program. The funds are transferred to the EDA, which is currently utilizing funds for down payment assistance, deferred loans for accessibility, and an interest rate buydown through a forward commitment with Refined Lending. Additional funds are being set aside for an accessibility audit and grant program and for manufactured home replacement.

The EDA approved the forward commitment with Refined Lending on September 16, 2025, with an income limit of 80% Area Median Income (AMI). LAHA requires that homeownership-related expenditures prioritize households at or below 80% AMI and can serve households up to 115% AMI. Due to the slow utilization of the forward commitment, staff is recommending increasing the income limit to 100% AMI.

Loan products with reduced interest rates are available through FHA/VA and the Home Ready/Home Possible program offered by Fannie Mae for households at 80% AMI. The interest rate buy down will offer the following interest rates:

- 80% AMI - Conventional Loan: 6% rate, 6.239% APR
- 100% AMI - Conventional Loan: 6.375% rate, 6.624% APR
- 80% AMI - FHA Loan: 5.75% rate, 6.175% APR

The income limit for 100% AMI is $132,400 and 80% AMI is $105,360 for the Home Ready product. FHA income limits will continue to be based on household size adjusted AMI, which reduces the income limit for households smaller than four.

Staff is also recommending increasing the purchase price limit to $500,000 to allow for the purchase of a broader range of houses since the lower-cost housing is in short supply in the city.

Additionally, the EDA is asked to authorize staff to execute a forward commitment for up to $40,000 if the existing forward commitment is exhausted prior to September 30, 2025.

Strategic Plan Relationship

Not applicable.

Board/Commission Review

Not applicable.

Financial Impact

This is funded solely by Local Affordable Housing Aid, which is a segregated and restricted fund. The EDA has previously committed LAHA for its interest rate buy down and home improvement loan programs. The EDA LAHA Fund currently has approximately $185,000 of unrestricted fund balance.

For 2024, Blaine was allocated $292,706.63 of aid, which was the first year funding was provided to cities. The 2025 aid amount will be paid in two installments, on July 20 and December 26 annually. The Department of Revenue has yet to post the 2025 allocations, but is required to do so prior to the first half distribution.

Public Outreach/Input

Not applicable.

Staff Recommendation

Approve the resolution.

Attachment List

1. Presentation

City of Blaine

Signature Copy

Resolution: RES 25-75

Resolution for a Modification to the Interest Rate Buydown Program

WHEREAS, the EDA has received $292,732.21 in local affordable housing aid and will receive additional funds twice annually in perpetuity; and

WHEREAS, an interest rate buydown program offers a unique tool to assist first-time homebuyers; and

WHEREAS, Refined Lending was the only qualified respondent to a Request for Proposal advertised for this service and demonstrates the capability to administer and market the program; and

WHEREAS, a program limited to buyers at or below 100% of Area Median Income and a maximum purchase price of $500,000 is the most effective use of limited funds to support affordable homeownership;

NOW THEREFORE, BE IT RESOLVED, that the Blaine Economic Development Authority hereby amends the guidelines for the forward commitment to allow the use of the program by households at or below 100% Area Median Income with a purchase price up to $500,000, and

BE IT FURTHER RESOLVED, that an additional commitment for $5,000,000 with a fee of $40,000 is authorized if the initial commitment is exhausted prior to September 30, 2025.

PASSED by the Blaine Economic Development Authority this 2nd day of June, 2025.

Interest Rate Buydown Adjustments

June 2, 2025

EDA

Local Affordable Housing Aid

- 0.25% sales tax was included in the 2023 Housing Policy and Finance Omnibus Bill to fund affordable housing in the 7-county metro area
- City received $292,706 in 2024
  - Additional funds will be received in July and December 2025
- Council consensus was to spend funds on an interest rate buydown and accessibility audits and grants and to set funds aside for manufactured home repair/replacement programs

Interest Rate Buydown

- Expenditure of $40,000 to reduce the rate on $5 Million of mortgages
- Can be combined with City down payment assistance and some third party down payment programs
- Reduces monthly payments over the life of the loan
- Increases the purchase price the borrower can afford

- This is an emerging method of promoting affordable homeownership

Program Changes

- Increase income limit to 100% AMI
- Increase purchase price limit to $500,000

City of Blaine's

REFINED LENDING
A DIVISION OF
Luminate Bank

Welcome Home Loan

The City of Blaine's Welcome Home Loan Program offers qualified First-Time Homebuyers an opportunity to purchase a home with lower than market rate.

80% or Less AMI Area Median Income

FHA & VA
5.750% Rate | 6.175% APR

Conventional
6.00% Rate | 6.239% APR

81-100% AMI Area Median Income

Conventional
6.375% Rate | 6.624% APR

*This information provided is outlining the minimum down payment requirements as allowed by specific loan program and product guidelines. Rates stated are based on a 30-year fixed term, minimum 620 FICO, 97% LTV meeting program income requirements (See website WelcomeHomeBlaine.com for full program details) . Interest Rate and Annual Percentage Rate as well as any / and all credit offered would be subject to pricing and underwriting of the individual applicant. Listed rates are valid until July 1, 2025.

Loan Requirements:

- **You are a First-Time Homebuyer**- has not had ownership interest in a principal residence in the last three years.
- 80% or less AMI option or up to 100% AMI available
- **Minimum FICO score of 620**
- **Must complete a certified Homebuyer Education course.**
- Contact Chris for full program details.

Resolution

- Change to income structure
- Authorize staff to expend an additional $40,000 if funds exhausted by September 30, 2025

City of Blaine
Staff Report
File Number: RES 25-87

Agenda Date	Status
June 2, 2025	
In Control	**File Type**
Economic Development Authority	Resolution

New Business - Jason Zimmerman, Finance Director

Agenda Item # 5.2

Resolution Approving the Issuance and Sale of Conduit Recreational Facility Revenue Refunding Notes, Series 2025 and Authorizing the Execution of Documents Relating Thereto (National Sports Center Project)

Executive Summary

The National Sports Center (NSC) has requested the City of Blaine/EDA act as the conduit debt issuer of a recreational revenue note not to exceed $6,000,000.

Note that the EDA should only consider action on this item if the corresponding resolution was authorized by the City Council at their meeting earlier in the evening.

Background

Conduit Bonds

Unlike almost all other bonds, private activity revenue bonds, otherwise known as conduit bonds, are initiated by and issued for the benefit of private entities. Under the state statutes that authorize these bonds, the city first issues the bonds and then loans proceeds to the private entity. That private entity repays the loan in an amount sufficient to pay principal and interest on the bonds. As a practical matter, the loan is handled entirely by a separate bond trustee (usually the trust division of a bank).

Conduit bonds are a financing vehicle used by non-profit developers to help reduce the costs of borrowing by having a government entity issue bonds for capital financing that may qualify for tax-exempt status. Because the interest paid to investors by borrowers is excluded from the investors' state and federal taxable income, the investors are willing to accept a lower interest rate (they get to keep more of their interest earnings so they lend at a lower rate). That lower, tax-exempt interest rate makes it more affordable for borrowers like the NSC to build/expand/equip their buildings because they don't carry as much interest expense when they borrow money for their capital projects.

Although the local government entity issues the bonds, the government entity has no obligation for the debt and almost no role in payment or administration of the bonds. The three most common conduit bonds in Minnesota are:

- Qualified 501c(3) bonds, where the user of bond proceeds is a nonprofit organization including hospitals, nursing homes, senior and other affordable housing, and schools (from K-12 to college).
- Housing revenue bonds (exempt facilities), where the user of bond proceeds is a private for-profit entity that builds housing intended for occupancy by persons or families who meet specified low-income guidelines.
- Small issue manufacturing bonds, where the user of the proceeds is a manufacturing business that constructs manufacturing facilities that meet certain federal requirements.

According to tax law, local governments can issue up to $10 million in bonds under the “bank-qualified” provision within a calendar year, which allows them to by-pass the traditional underwriting system and sell their tax-exempt bonds directly to local banks. Bank-qualified bonds decrease debt issuance costs by an estimated 25 – 40 basis points (bps) because banks are allowed to deduct 80% of the carrying costs, which is an exception to the general rule that banks cannot deduct the interest expense related to tax-exempt obligations. This bank-qualified status results in lower interest rates, reduced issuance costs, and a wider investor base for the issuer. With the City anticipated to issue more than $10 million in bonds this year, staff is recommending the EDA act as the conduit issuer for this transaction to maintain bank-qualified status.

<u>How Conduit Bonds Work</u>

- The conduit issuer (usually a state or local government) issues the bonds and provides the proceeds to the private entity or nonprofit (the "conduit borrower").
- The conduit borrower is responsible for repaying the principal and interest on the bonds, not the government issuer.
- Repayment typically comes from revenues generated by the financed project (e.g., hospital fees, rent from housing).
- The conduit issuer’s main role is to provide access to the tax-exempt municipal bond market, allowing the borrower to benefit from lower interest rates.

<u>Key Features of Conduit Bonds</u>

- No obligation of the City or EDA to make payments: Private activity bonds are considered revenue bonds, payable solely from the private borrower’s loan payments made in accordance with a loan agreement. No funds will come from the City or EDA.
- Expenses and costs to be paid by borrower: The borrower is required to pay all expenses incurred by the City or the EDA associated with this issuance.
- Indemnification: The borrower is required to indemnify the City and the EDA for any potential liability or future costs incurred by the City or the EDA with respect to the Notes, the Project, and granting necessary approvals.
- Not backed by government credit: These bonds are not supported by the full faith and credit of the issuing government. Investors rely on the financial strength of the conduit borrower and the project’s revenue for repayment.

- Tax benefits: Interest income from many conduit bonds is exempt from federal (and sometimes state or local) income tax, making them attractive to investors.
- Higher risk: Since repayment depends on the project's success, conduit bonds are generally riskier than traditional municipal bonds backed by government tax revenue.

NSC Request

The NSC approached the City and its Bond Council with a proposal to obtain conduit debt to facilitate the refinancing of two existing conduit obligations previously provided for by the City/EDA as well as additional funds for new capital outlay. While approval is requested for up to $6.0 million, current estimates have the actual amount needed at closer to $5.3 million. The table below contains the specific purpose with the estimated amount of bonding requested.

Item	Estimated Amount
Refinancing the remaining balance of the 2011 issuance for the Expo Center	$3,300,000
Refinancing the remaining balance of the 2020 issuance for the Sports Dome	$1,500,000
Zamboni (2)	$350,000
Roadwork	$150,000

Conduit Financing Requirements

The City/EDA is not required, by law or charter, to provide conduit financing. The Council has the authority to approve or deny an application on a selective basis, regardless of actions taken on similar requests. Historically, the Council has provided financing to encourage development that offers broad benefit to the City, including employment, recreational, and housing opportunities. The City/EDA has not limited conduit financing to NSC, as other projects provided for include:

- 2020 - Refunding of existing debt for Fogerty Arena
- 2017 - Financing related to the construction of the Legends of Blaine through Dominium
- 2016 - Financing related to the construction of Blaine University Townhomes through Anoka County Community Action Program

Strategic Plan Relationship

Providing private placement financing to eligible organizations within the community promotes collaboration and engagement as well as the overall economic vitality of Blaine.

Board/Commission Review

Not applicable.

Financial Impact

The note will not constitute a charge, lien or encumbrance upon any property of the City or the EDA except the Project, and such note or obligations will not be a charge against the City's general credit or taxing powers. The note will be issued as a special, limited revenue obligation of the EDA payable solely from sums to be paid by the borrower pursuant to a revenue agreement.

In accordance with the City's administrative policy for private activity revenue bond financing, the following fee structure will be applied to the principal amount of the bonds issued to recover administrative costs for services related to the issuance:

- 1% of the first five million dollars, plus;
- 1/2% of the next $15 million, plus;
- 1/4% for the remainder of funds borrowed that exceeds $20 million.

Per the aforementioned policy and estimated financing amount of $5.3 million, the City would receive a fee of approximately $51,500 to facilitate this transaction. Additionally, the NSC is responsible for all fees and charges incurred by the City associated with this request.

Public Outreach/Input

A public hearing was held by the City Council preceding the EDA meeting. Notice of said public hearing was published in the May 16 edition of the *Blaine/Spring Lake Park/Columbia Heights/Fridley Life.* No feedback was received by the Finance Department.

Staff Recommendation

By motion, adopt the attached resolution.

Attachment List

1. Blaine NSC Refunding Memo from Kutak Rock
2. Blaine NSC 2025 EDA Resolution

City of Blaine

Signature Copy

Resolution: RES 25-87

Resolution Approving the Issuance and Sale of Conduit Recreational Facility Revenue Refunding Notes, Series 2025 and Authorizing the Execution of Documents Relating Thereto (National Sports Center Project)

See attached.

MEMORANDUM

TO: Blaine Economic Development Authority Board
City of Blaine, Minnesota City Council

FROM: Jenny Boulton and Gina Fiorini, Bond Counsel

DATE: May 23, 2025

RE: Refunding of (i) City's Sports Facility Revenue Note, Series 2011 (NSC Sports Exposition Center Project, and (ii) EDA's Recreational Facility Revenue Note, Series 2020 (NSC Dome Project)

Introduction

At the request of The National Sports Center Foundation, a Minnesota nonprofit corporation organized under the laws of the State of Minnesota (the "Borrower"), on December 20, 2011, the City of Blaine, Minnesota (the "City") issued its Sports Facility Revenue Note, Series 2011 (NSC Sports Exposition Center Project) (the "Series Note"), in the original aggregate principal amount of $3,200,000 (the "Series 2011 Note"), pursuant to Minnesota Statutes, Sections 469.152 to 469.1655 (the "Act"), as amended, and a resolution adopted by the City Council for the acquisition, construction and equipping of an approximately 20,000 square foot indoor sports and exhibit hall facility on the Borrower's campus. On May 8, 2020, the Blaine Economic Development Authority ("EDA") issued its Recreational Facility Revenue Note, Series 2020 (NSC Dome Project), in the original aggregate principal amount of $3,822,676 (the "Series 2020 Note" and, together with the Series 2011 Note, the "Prior Notes"), pursuant to the Act and a resolution adopted by the Board for the acquisition, construction and equipping of an approximately 117,000 square foot dome and related facilities and improvements on the Borrower's campus. The City and the EDA, respectively, loaned the proceeds of the Prior Notes to the Borrower.

The Borrower has requested that the EDA issue its Recreational Facility Revenue Refunding Notes (National Sports Center Project), Series 2025A and Series 2025B in the aggregate principal amount not to exceed $6,000,000 (collectively, the "Notes"), to assist in (i) refinancing the Prior Notes, (ii) financing the acquisition, construction and installation of certain capital improvements and equipment to be located on the Borrower's campus at 1750 105th Avenue NE in the City, including without limitation one or more Zambonis and certain road improvements (collectively, and together with the facilities financed by the Prior Notes, the "Project"); and (iii) financing costs of issuance of the Notes. The Project will be owned and operated by the Borrower. The Notes will be sold to and held by Alerus Financial, N.A., or another financial institution to be selected by the Borrower (the "Lender"). This memorandum is intended to provide background information on conduit revenue bonds such as the proposed Notes.

Legal Background

Tax-exempt municipal bonds fall into two general categories: "governmental purpose bonds," issued to finance general governmental projects, including for example public buildings and infrastructure; and "private activity bonds," issued to finance facilities owned and operated by certain kinds of private entities. The term "private activity bonds," also often called "conduit bonds" or "conduit revenue bonds," involves the issuer municipality acting as the conduit for financing by a private entity borrower.

Under the Internal Revenue Code of 1986, as amended (the "Tax Code"), Congress has determined that certain kinds of activities should be supported, and to that end, permits certain private borrowers to obtain tax-exempt financing for certain types of projects, resulting in lower interest costs for such borrowers.

Because the interest paid to investors by borrowers like the Borrower is excluded from the investors' state and federal taxable income, the investors are willing to accept a lower interest rate (they get to keep more of their interest earnings so they lend at a lower rate). That lower, tax-exempt interest rate makes it more affordable for borrowers like the Borrower to build/expand/equip their buildings because they don't carry as much interest expense when they borrow money for their capital projects. Tax-exempt bonds must be used for capital projects, not operating costs.

These private entities cannot issue their own tax-exempt debt to finance their projects; rather, such tax-exempt debt must be issued by state or local government entities, like the City or the EDA. Conduit bonds allow a municipality to achieve a public purpose. In this case, by assisting in the financing for improvements to recreational facilities.

The Notes are proposed to be issued as qualified 501(c)(3) bonds within the meaning of Section 145 of the Tax Code.[1] In order to issue qualified 501(c)(3) bonds, the facilities to be financed must be owned for federal tax purposes by a 501(c)(3) organization or a governmental unit and used for the exempt purposes of the 501(c)(3) organization. The Borrower is a qualified 501(c)(3) organization.

In addition to the requirements of the Tax Code, the Notes will be issued in accordance with Minnesota Statutes, Sections 469.152 through 469.1655, as amended.

As required by the Section 147(f) of the Code, the City Council will hold a public hearing on June 2, 2025 and thereafter consider a resolution approving the issuance of the Notes by the EDA. In addition, the Board of Commissioners of the EDA will consider a resolution approving the Notes and related documents on June 2, 2025.

Impact on the City and EDA

1. ***No obligation to make payments***. The key feature of private activity bonds is that they are revenue bonds, payable solely from the private borrower's loan payments made in accordance a loan agreement (the "Loan Agreement") to be executed by the EDA and the Borrower and from other security provided by the Borrower. The bond documents will require the Borrower (and not the City or the EDA) to repay the Notes directly. No funds come from the City or the EDA. No money flows through the City or the EDA (neither the sale proceeds of the Notes, nor the debt service payments on the Notes). The bond documents will include provisions requiring the Borrower to indemnify the City and the EDA for any potential liability incurred by the City or the EDA with respect to the Notes and the Project. The bond documents will recite that the Notes, if and when issued, will not to be payable from nor charged upon any of the City's or the EDA's funds, other than the revenues received under the Loan Agreement and pledged to the payment of the Notes, neither the City nor the EDA will be subject to any liability on the Notes. The Notes will not constitute a general or moral obligation of the City or the EDA and no holder of the Notes will ever have the right to compel any exercise by the City or the EDA of its taxing powers to pay any of the principal of the Notes or the interest or premium thereon, or to enforce payment of the Notes against any property of the City or the EDA except the interests of the City in payments to be made by the Borrower under the Loan Agreement.

[1] Qualified 501(c)(3) bonds are just one type of tax-exempt private activity bonds. Other common types of private activity bonds include multifamily housing bonds for affordable housing projects, qualified small issue (manufacturing) bonds, qualified mortgage bonds, qualified student loan bonds, qualified redevelopment bonds, exempt facility (like airports, docks and wharves) bonds, and qualified veterans' mortgage bonds.

2. ***No adverse impact on the City's credit rating or debt limit.*** The Notes will not count towards any debt limitations imposed on the City or the EDA pursuant to Minnesota state law and the issuance of the Notes will not have any adverse impact on the City's credit rating, even in the event that the Borrower encounters financial difficulties. If the Notes were to go into default, the Lender and the Borrower would develop a work-out strategy, not the City.

3. ***The EDA may be contacted by the IRS in the event of an audit***. While it is generally true that conduit issuers have no financial liability for private activity bonds, it is important to note that if the IRS audits a conduit bond issue, the EDA would be contacted directly by the IRS. The EDA would then contact the Borrower to respond to the audit. The bond documents require the Borrower to handle the audit and pay all of the costs of the audit. If, following the conclusion of an audit, the conduit Notes are determined to be taxable bonds, a declaration that the Notes are taxable would not impact the City or the EDA.

4. ***The Notes count towards the City's "bank-qualified bond" limit.*** Section 265(b)(3) of the Tax Code permits each issuer of tax-exempt obligations to designate up to $10,000,000 of tax-exempt bonds as "qualified tax-exempt obligations" (also sometimes referred to as "bank-qualified bonds" or "BQ" bonds). Bank-qualified bonds are tax-exempt bonds that allow financial institutions to deduct interest expenses incurred to acquire or hold tax-exempt bonds. Such bonds have a broader market, and therefore carry slightly lower interest rates. The Notes would be included with the City's own governmental purpose bonds in calculating the $10,000,000 annual limit for issuance of bank-qualified bonds. However, the City anticipates issuing more than $10,000,000 in tax-exempt general obligation bonds in calendar year 2025 for its own projects (the "City Bonds") and is, therefore, already ineligible for the bank-qualification designation. Consequently, the proposed the Notes would not impact the City Bonds. The EDA as a separate, subordinate entity, has its own $10,000,000 bank qualification limit but the EDA does not anticipate issuing bonds for any other purpose in 2025 and therefore has capacity to issue the Notes and designate them as bank qualified.

5. ***Expenses and Costs***. The bond documents will provide that the Borrower will be required to pay all the expenses of the City or the EDA paid or incurred with respect to the Notes (including attorneys' fees) and will be required to indemnify the City and the EDA for any potential liability or costs incurred by the City or the EDA with respect to the Notes, the Project, and granting necessary approvals. In addition, the Borrower will pay the City's administrative fee charged for the issuance of conduit revenue bonds in accordance with its conduit debt policy.

Extract of Minutes of a Meeting of the
Board of Commissioners of the Blaine Economic Development Authority

Pursuant to due call and notice thereof, a regular meeting of the Board of Commissioners of the Blaine Economic Development Authority was duly held at the City Hall in the City of Blaine, on Monday, June 2, 2025, commencing at the conclusion of the City Council meeting that commences at 7:00 P.M.

The following members were present:

and the following were absent:

During said meeting _________ introduced the following resolution and moved its adoption:

RESOLUTION NO. _______

RESOLUTION APPROVING THE ISSUANCE AND SALE OF CONDUIT RECREATIONAL FACILITY REVENUE REFUNDING NOTES, SERIES 2025 AND AUTHORIZING THE EXECUTION OF DOCUMENTS RELATING THERETO (NATIONAL SPORTS CENTER PROJECT)

The motion for the adoption of the foregoing resolution was duly seconded by Member ________________________, and after full discussion thereof and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

RESOLUTION APPROVING THE ISSUANCE AND SALE OF CONDUIT RECREATIONAL FACILITY REVENUE REFUNDING NOTES, SERIES 2025 AND AUTHORIZING THE EXECUTION OF DOCUMENTS RELATING THERETO (NATIONAL SPORTS CENTER PROJECT)

WHEREAS,

(a) The purpose of Minnesota Statutes, Sections 469.152 to 469.1655 (the "Act"), as found and determined by the legislature, is to promote the welfare of the state by the active attraction and encouragement and development of economically sound industry and commerce to prevent so far as possible the emergence of blighted and marginal lands and areas of chronic unemployment;

(b) Factors necessitating the active promotion and development of economically sound industry and commerce are the increasing concentration of population in the metropolitan areas and the rapidly rising increase in the amount and cost of governmental services required to meet the needs of the increased population and the need for development of land use which will provide an adequate tax base to finance these increased costs and the need for access to employment opportunities for such population;

(c) Under the provisions of the Act, municipalities and redevelopment agencies are authorized to carry out the public purposes described therein and contemplated thereby by issuing its revenue bonds or other obligations to make a loan to finance any properties used or useful in connection with a revenue producing enterprise. For purposes of the Act, the term "municipality" is defined to include a statutory city and the term "redevelopment agency" is defined to include any economic development authority referred to in Minnesota Statutes, Sections 469.090 to 469.1082, as amended (the "EDA Act").

(d) The Board of Commissioners of the Blaine Economic Development Authority (the "EDA") has received from The National Sports Center Foundation, a Minnesota nonprofit corporation organized under the laws of the State of Minnesota (the "Borrower"), a proposal that the EDA assist in financing a Project hereinafter described through the issuance of a revenue note, in one or more series, as further defined below, collectively the "Notes", pursuant to the Act;

(e) The EDA desires to facilitate the selective development of the community, retain and improve the tax base and help to provide the range of services, facilities and employment opportunities required by the population, including amateur sports and recreational facilities; and the Project will assist the EDA in achieving those objectives and will enhance the image and reputation of the community;

(f) The Project to be financed by the Notes is (i) refinancing the Sports Facility Revenue Note, Series 2011 (NSC Sports Exposition Center Project) (the "Series 2011 Note"), issued by the City on December 20, 2011 in the original aggregate principal amount of $3,200,000; (ii) refinancing the Recreational Facility Revenue Note, Series 2020 (NSC Dome Project), issued by the EDA on May 8, 2020 in the original aggregate principal amount of $3,822,676 (the "Series 2020 Note" and, together with the Series 2011 Note, the "Prior Notes"); (iii) financing the acquisition, construction and installation of certain capital improvements and equipment to be located on the Borrower's campus at 1750 105th Avenue NE in the City of Blaine, Minnesota (the "City"), including without limitation one or more Zambonis and certain road improvements; and (iv) financing costs of issuance of the Notes (collectively, the "2025 Project"). The City loaned the proceeds of the Series 2011 Note to the Borrower for the acquisition, construction and equipping of an approximately 20,000 square foot indoor sports and exhibit hall facility on the Borrower's campus (the "2011 Project"). The EDA loaned the proceeds of the Series 2020 Note to the Borrower for the acquisition, construction and equipping of an approximately 117,000 square foot dome and related facilities and improvements on the Borrower's campus (the "2020 Project" and together with the 2011 Project and the 2025 Project, the "Project"). The Project will be owned and operated by the Borrower;

(g) The EDA has been advised by representatives of the Borrower that conventional, commercial financing to refinance and pay the capital cost of the Project is available only on a limited basis and at such high costs of borrowing that the economic feasibility of operating the Project would be significantly reduced;

(h) The Borrower has represented to the EDA that it is exempt from federal income taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code"), as a result of the application of Section 501(c)(3) of the Code;

(i) Based on representations of the Borrower, no public official of the EDA has either a direct or indirect financial interest in the Project nor will any public official either directly or indirectly benefit financially from the Project;

(j) Section 147(f) of the Code and regulations promulgated thereunder, require a public hearing prior to the issuance of the Notes. In addition, Section 469.154, subdivision 4, of the Act requires that prior to submitting an application to the Minnesota Department of Employment and Economic Development ("DEED") for approval of the Project, a public hearing on proposals to undertake projects authorized to be financed under the terms of the Act must be held;

(k) On the date hereof, the City Council of the City (i) held the required public hearing under Section 147(f) of the Code; (ii) held the required public hearing under Section 469.154, subdivision 4, of the Act; and (iii) approved the issuance of the Notes. The public hearing notice was published at least 14 days before the date hereof. The public hearing provided a reasonable opportunity for interested individuals to express their views, both orally and in writing, with respect to the proposed issuance of the Notes and the location and nature of the Project; and

(l) A draft copy of the proposed application to DEED, together with all attachments and exhibits, was available for public inspection following the publication of the Public Notice.

BE IT RESOLVED by the Board of Commissioners of the Blaine Economic Development Authority (the "Board"), as follows:

SECTION 1. LEGAL AUTHORIZATION AND FINDINGS.

1.1 Findings. The EDA hereby finds, determines and declares as follows:

(a) The EDA is a body corporate and politic and political subdivision of the State of Minnesota and is authorized under the Act to assist the revenue producing project herein referred to, and to issue and sell the Recreational Facility Revenue Refunding Note, Series 2025A (National Sports Center Project) (the "Series 2025A Note") and the Recreational Facility Revenue Refunding Note, Series 2025B (National Sports Center Project) (the "Series 2025B Note" and, together with the Series 2025A Note the "Notes"), for the purpose, in the manner and upon the terms and conditions set forth in the Act and in this Resolution.

(b) The issuance and sale of the Notes by the EDA, pursuant to the Act, is in the best interest of the EDA and the City, and the EDA hereby determines to issue the Notes and to sell the Notes to Alerus Financial, N.A., or another financial institution to be selected by the Borrower (the "Lender"), as provided herein. The EDA will loan the proceeds of the Notes (the "Loan") to the Borrower in order to finance the Project.

(c) Pursuant to a Loan Agreement (the "Loan Agreement") to be entered into between the EDA and the Borrower, the Borrower has agreed to repay the Loan in specified amounts and at specified times sufficient to pay in full when due the principal of, premium, if any, and interest on the Notes. In addition, the Loan Agreement contains provisions relating to the maintenance and operation of the Project, indemnification, insurance, and other agreements and covenants which are required or permitted by the Act and which the EDA and the Borrower deem necessary or desirable for the financing of the Project. A draft of the Loan Agreement is on file with the Board.

(d) Pursuant to a Pledge Agreement (the "Pledge Agreement") to be entered into between the EDA and the Lender, the EDA has pledged and granted a security interest in all of its rights, title, and interest in the Loan Agreement to the Lender (except for certain rights of indemnification and to reimbursement for certain costs and expenses). A draft of the Pledge Agreement is on file with the Board.

(e) Pursuant to one or more security documents (collectively, the "Security Documents") to be executed by the Borrower in favor of the Lender, the Borrower has secured payment of amounts due under the Loan Agreement and Notes, individually or collectively, by granting to the Lender a mortgage and security interest in the property described therein.

(f) The Notes will be disbursed to repay the Prior Notes and for the 2025 Project. Proceeds of the Notes will be disbursed as determined by the Lender including pursuant to a disbursing agreement if required.

(g) The Notes will be special, limited revenue obligations of the EDA. The Notes shall not be payable from or charged upon any funds other than the revenues pledged to the payment thereof, nor shall the EDA or the City be subject to any liability thereon. No holder of the Notes shall ever have the right to compel any exercise of the taxing power of the EDA or the City to pay the Notes or the interest thereon, nor to enforce payment thereof against any property of the EDA or the City. The Notes shall not constitute a debt of the EDA or the City within the meaning of any constitutional or statutory limitation.

(h) On the basis of information available to the EDA it appears, and the EDA hereby finds, that the Project constitutes properties, real and personal, used or useful in connection with one or more revenue producing enterprises engaged in providing recreational facilities and services within the meaning of Subdivision 2(b) of Section 469.153 of the Act; that the Project furthers the purposes stated in Section 469.152; that the availability of the financing under the Act and willingness of the EDA to furnish such financing will be a substantial inducement to the Borrower to undertake the Project, and that the effect of the Project, if undertaken, will be to assist in the prevention of the emergence of blighted and marginal land, to help prevent chronic unemployment, to help the surrounding area retain and eventually improve the tax base, to provide the range of service and employment opportunities required by the population, to help prevent the movement of talented and educated persons out of the state and to areas within the State where their services may not be as effectively used, and to promote more intensive development and use of land within the EDA and surrounding communities.

(i) It is desirable, feasible and consistent with the objects and purposes of the Act to issue the Notes, for the purpose of financing and refinancing the costs of the Project.

1.2 Application to DEED. It is hereby found and determined that the Project furthers the purposes set forth in the Act, and the Project constitutes a "project" within the meaning of Section 469.153, subdivision 2(d) of the Act. In accordance with Section 469.154 of the Act, the Executive Director is hereby authorized and directed to submit the proposal for the Project to DEED. The Executive Director and other officers, employees and agents of the EDA are hereby authorized to provide DEED with any preliminary information needed for this purpose, and the Executive Director is authorized to initiate and assist in the preparation of such documents as may be appropriate to the Project, if it is approved.

1.3 Employment. In accordance with Section 469.154, subdivision 7, of the Act, the officers, employees, and agents of the EDA are hereby authorized and directed to encourage the Borrower to provide employment opportunities to economically disadvantaged or unemployed individuals. Such individuals may be identified by such mechanisms as are available to the Borrower, such as a first source agreement in which the Borrower agrees to use a designated State employment office as a first source for employment recruitment, referral, and placement.

1.4 Authorization and Ratification of Project. In anticipation of the approval of the Project by the State of Minnesota, Department of Employment and Economic Development and all other necessary entities and the issuance of the Notes to finance and refinance all or a portion of the Project, and in order that completion of the Project will not be unduly delayed when approved, the EDA hereby authorizes the Borrower, in accordance with the provisions of the Act and subject to the terms and conditions imposed by the Lender, to provide for the acquisition, construction and equipping of the Project and refunding of the Prior Notes by such means as shall be available to the Borrower and in the manner determined by the Borrower; the EDA hereby ratifies, affirms, and approves all actions heretofore taken by the Borrower consistent with and in

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anticipation of such authority; and the Borrower is hereby authorized to make such expenditures and advances toward payment of that portion of the costs of the Project to be financed from the proceeds of the Notes as the Borrower considers necessary, including the use of interim, short term financing, subject to reimbursement from the proceeds of the Notes if and when delivered but otherwise without liability on the part of the EDA.

SECTION 2. THE NOTES.

2.1 Authorized Amount and Form of Notes. The City Council, following a public hearing on the date hereof, approved the Project and the issuance of the Notes. The Board hereby approves the Project and the issuance of the Notes. The Notes shall be issued pursuant to this Resolution in substantially the forms on file with the Board with such appropriate variations, omissions and insertions as are necessary and appropriate and are permitted or required by this Resolution, and in accordance with the further provisions hereof. Each Note shall be issued in a denomination equal to its entire principal balance and the total aggregate principal amount of the Series 2025A Note and the Series 2025B Note that may be outstanding hereunder is expressly limited to $6,000,000, unless a duplicate Note is issued pursuant to Section 2.7. The Notes shall each bear interest at a variable rate as set forth therein.

2.2 The Notes. The Notes shall be dated as of the date of delivery to the Lender, shall be payable at the times and in the manner, shall bear interest at the rate, and shall be subject to such other terms and conditions as are set forth therein.

2.3 Execution. The Notes, when issued as provided herein, shall be executed on behalf of the EDA by the signatures of its President and Executive Director and shall be sealed with the seal of the EDA; provided that the seal may be intentionally omitted as provided by law. In case any officer whose signature shall appear on the Notes shall cease to be such officer before the delivery of the Notes, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. In the event of the absence or disability of the President and Executive Director such officers of the EDA as, in the opinion of the EDA Attorney, may act in their behalf, shall without further act or authorization of the Board execute and deliver the Notes. The Executive Director and President are hereby authorized to execute and deliver any agreements with any depository institution, including any representation letter or amendment to any existing representation letter, in the event the EDA and the Lender elect to register the Note in book-entry form. The aggregate principal amount of the each Note, the interest rate of each Note, the amortization and payments on each of the Notes, the date of the documents referenced in this resolution and the Notes, and the terms of redemption of each Note may be established or modified with the approval of the EDA. The execution and delivery of the Notes shall be conclusive evidence that the EDA has approved such terms as subsequently established or modified. The offer of the Lender to purchase the Note at the price of par plus accrued interest, if any, to the date of delivery at the interest rate or rates specified in the Note is hereby accepted.

2.4 Delivery of Initial Notes. Before delivery of the Notes, the Borrower shall pay the EDA's issuance fee and there shall be filed with the Lender (except to the extent waived by the Lender) the items required by the Loan Agreement.

2.5 Disposition of Proceeds of the Notes. Upon delivery of the Notes to the Lender, the Lender shall, on behalf of the EDA, advance the proceeds of the Notes to refund the Prior Notes and disburse the proceeds for payment of Project Costs in accordance with the terms of the Loan Agreement and a disbursing agreement if required by the Lender.

2.6 Registration of Transfer. The EDA will cause to be kept at the office of the Executive Director Note Registers in which, subject to such reasonable regulations as it may prescribe, the EDA shall provide for the registration of transfers of ownership of the Notes. The Notes shall be initially registered in the name of the Lender and, subject to Section 2.9, shall be transferable upon the Note Registers by the Lender in person or by its agent duly authorized in writing, upon surrender of the Notes together with a written instrument of transfer satisfactory to the Executive Director, duly executed by the Lender or its duly authorized agent. The following form of assignment shall be sufficient for said purpose.

> For value received ___________ hereby sells, assigns and transfers unto ________________ the within Note of the Blaine Economic Development Authority, and does hereby irrevocably constitute and appoint ___________________ attorney to transfer said Note on the books of said EDA with full power of substitution in the premises. The undersigned certifies that the transfer is made in accordance with the provisions of Sections 2.6, 2.7 and 2.9 of the Resolution authorizing the issuance of the Note.
>
> Dated: ____________________________________
>
> ____________________________________
>
> Registered Owner

Upon such transfer the Executive Director shall note the date of registration and the name and address of the new Lender in the applicable Note Register and in the registration blank appearing on the Note; subject to receipt of a purchaser letter or certification as required by Section 2.9 hereof.

2.7 Mutilated, Lost or Destroyed Notes. In case the Notes issued hereunder shall become mutilated or be destroyed or lost, the EDA shall, if not then prohibited by law, cause to be executed and delivered, a new Note of like outstanding principal amount, number and tenor in exchange and substitution for and upon cancellation of such mutilated Note, or in lieu of and in substitution for such Note destroyed or lost, upon the payment by the Lender of the reasonable expenses and charges of the EDA in connection therewith, and in the case of a Note destroyed or lost, the filing with the EDA of evidence satisfactory to the EDA with indemnity satisfactory to it. If the mutilated, destroyed or lost Note has already matured or been called for redemption in accordance with its terms it shall not be necessary to issue a new Note prior to payment.

2.8 Ownership of Notes. The EDA may deem and treat the person in whose name the Notes are last registered in the Note Register and by notation on the Notes whether or not such Notes shall be overdue, as the absolute owner of such Notes for the purpose of receiving payment of or on account of the Principal Balance, redemption price or interest and for all other purposes whatsoever, and the EDA shall not be affected by any notice to the contrary.

2.9 Limitation on Note Transfers. The Notes will be issued to a "qualified institutional buyer" or an "accredited investor" (i.e. the Lender) and without registration under state or other securities laws, pursuant to an exemption for such issuance; and accordingly the Notes may not be assigned or transferred in whole or part, nor may a participation interest in the Notes be given pursuant to any participation agreement, except to another a "qualified institutional buyer" or "accredited investor" in accordance with an applicable exemption from such registration requirements and with full and accurate disclosure of all material facts to the prospective purchaser(s) or transferee(s). The EDA will require, as a precondition to any transfer, that the transferee provide to the EDA a written letter or certificate in a form satisfactory to the EDA and other evidence satisfactory to the EDA that the transferee is a qualified institutional buyer or other accredited investor under the securities laws.

2.10 Issuance of a New Note. Subject to the provisions of Section 2.9, the EDA shall, at the request and expense of the Lender, issue a new note, in aggregate outstanding principal amount equal to that of the Note surrendered, and of like tenor except as to number, principal amount, series and the amount of the periodic installments payable thereunder, and registered in the name of the Lender or such transferee as may be designated by the Lender.

SECTION 3. MISCELLANEOUS.

3.1 Severability. If any provision of this Resolution shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions of any constitution or statute or rule or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions contained herein invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or paragraphs contained in this Resolution shall not affect the remaining portions of this Resolution or any part thereof.

3.2 Authentication of Transcript. The officers of the EDA are directed to furnish to Bond Counsel certified copies of this Resolution and all documents referred to herein, and affidavits or certificates as to all other matters which are reasonably necessary to evidence the validity of the Notes. All such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute recitals of the EDA as to the correctness of all statements contained therein.

3.3 Authorization to Execute Agreements. The forms of the proposed Loan Agreement and the Pledge Agreement (collectively and, together with such other documents as Bond Counsel considers appropriate in connection with the issuance or amendment of the Notes, the "Financing Documents") are hereby approved in substantially the forms on file with the Board, together with such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by Bond Counsel prior to the execution of the documents. The President and the Executive Director of the EDA are authorized to execute the Financing Documents and such other documents as Bond Counsel considers appropriate in connection with the issuance of the Notes, in the name of and on behalf of the EDA. In the event of the absence or disability of the President or the Executive

Director such officers of the EDA as, in the opinion of the City Attorney, may act on their behalf, shall without further act or authorization of the Board do all things and execute all instruments and documents required to be done or executed by such absent or disabled officers. The execution of any instrument by the appropriate officer or officers of the EDA herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof. All of the provisions of the Financing Documents, when executed as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof.

The approval hereby given to the various Financing Documents referred to above includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by bond counsel to the EDA, the appropriate EDA staff person, or by the officers authorized herein to execute or accept, as the case may be, said documents prior to their execution; and said officers or staff members are hereby authorized to approve said changes on behalf of the City. The execution of any instrument by the appropriate officer or officers of the EDA herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof.

3.4 Certifications of the EDA. The President and Executive Director of the EDA (the "EDA Officials") and other officers, employees, and agents of the EDA are hereby authorized and directed to prepare and furnish to bond counsel and the Lender certified copies of all proceedings and records of the EDA relating to the issuance of the Notes, including a certification of this resolution. Such officers, employees, and agents are hereby authorized to execute and deliver, on behalf of the EDA, all other certificates, instruments, and other written documents that may be requested by bond counsel, the Lender, or other persons or entities in conjunction with the issuance of the Notes. Without imposing any limitation on the scope of the preceding sentence, such officers, employees, and agents are specifically authorized to execute and deliver one or more certificates of the EDA, an endorsement of the EDA to the Tax Certificate, an Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038, and all other documents and certificates as shall be necessary and appropriate in connection with the issuance, sale, and delivery of the Notes. The EDA hereby authorizes Kutak Rock LLP, acting as bond counsel, to prepare, execute, and deliver its approving legal opinion with respect to the Notes.

3.5 Amendments. The authority to approve, execute and deliver future amendments and consents to the Financing Documents entered into by the EDA in connection with the issuance of the Notes and consents required under the financing documents is hereby delegated to the EDA Officials, subject to the following conditions: (a) such amendments or consents do not require the consent of the respective holders of the Notes or such consent has been obtained; (b) such amendments or consents to not materially adversely affect the interests of the EDA; (c) such amendments or consents do not contravene or violate any policy of the EDA, and (d) such amendments or consents are acceptable in form and substance to the counsel retained by the EDA to review such amendments. The authorization hereby given shall be further construed as authorization for the execution and delivery of such certificates and related items as may be required to demonstrate compliance with the agreements being amended and the terms of this resolution. The execution of any instrument by the EDA Officials shall be conclusive evidence of the approval of such instruments in accordance with the terms hereof. In the absence of any of the

EDA Officials any instrument authorized by this paragraph to be executed and delivered may be executed by the officer of the EDA or the City authorized to act in his/her place and stead

3.6 Security for the Notes The EDA hereby authorizes the Borrower to provide such security for payment of the Borrower's obligations under the Loan Agreement and for payment of the Notes, including the Pledge Agreement, as is agreed upon by the Borrower and the Lender, and the EDA hereby approves the execution and delivery of such security.

3.7 Liability. No agreement, covenant, or obligation contained in this resolution or in the above-referenced documents shall be deemed to be an agreement, covenant, or obligation of any member of the Board, or of any officer, employee, or agent of the City or the EDA in that person's individual capacity. Neither the members of the Board nor any officer executing the Notes shall be liable personally on the Notes or be subject to any personal liability or accountability by reason of the issuance of the Notes.

3.8 Rights Conferred. Except as herein otherwise expressly provided, nothing in this resolution or in the Loan Agreement, expressed or implied, is intended or shall be construed to confer upon any person, firm, or corporation, any right, remedy, or claim, legal or equitable, under and by reason of this resolution or any provision hereof or of the Loan Agreement or any provision thereof; this resolution, the Loan Agreement and all of their provisions being intended to be, and being for the sole and exclusive benefit of the EDA and the registered and beneficial owners of the Notes issued under the provisions of this resolution and the Loan Agreement, and the Borrower to the extent expressly provided in the Loan Agreement.

No provision, covenant, or agreement contained in the Financing Documents, the Notes or in any other document relating to the Notes, and no obligation therein or herein imposed upon the EDA or the breach thereof, shall constitute or give rise to any pecuniary liability of the EDA or the City or any charge upon their general credit or taxing powers. In making the agreements, provisions, covenants, and representations set forth in such documents, neither the EDA nor the City have obligated themselves to pay or remit any funds or revenues, other than funds and revenues derived from the Loan Agreement which are to be applied to the payment of the Notes, as provided therein and in the Financing Documents.

3.9 Qualified Tax Exempt Obligation. In order to qualify the Notes as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, the EDA hereby makes the following factual statements and representations;

(a) the Notes will be issued after August 7, 1986;

(b) the Notes are not treated as a "private activity bond" under Section 265(b)(3) of the Code;

(c) the EDA hereby designates the Notes as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Code;

(d) the reasonably anticipated amount of tax-exempt obligations (other than obligations described in clause (ii) of Section 265(b)(3)(C) of the Code) which will be issued by the EDA(and all entities whose obligations will be aggregated with those of the EDA) during the calendar year 2025 will not exceed $10,000,000; and

(e) not more than $10,000,000 of obligations issued by the EDA during the calendar year 2025 have been designated for purposes of Section 265(b)(3) of the Code.

3.10 Costs; Indemnification by Borrower. The Borrower has agreed and it is hereby determined that any and all costs incurred by the City or the EDA in connection with financing the Project will be paid by the Borrower whether or not the Notes are issued and whether or not the Project is carried to completion. It is understood and agreed that the Borrower shall indemnify the City and the EDA against all liabilities, losses, damages, costs and expenses (including attorney's fees and expenses incurred by the City or the EDA) arising with respect to the Project and the financing, as further provided in the Loan Agreement. In addition, the Borrower shall pay the administrative fee of the EDA as provided in the Loan Agreement pursuant to the City's policies.

3.11 Governmental Program. The City and the EDA have established a governmental program of acquiring purpose investments for qualified 501(c)(3) organizations' projects. The governmental program is one in which the following requirements of §1.148-1(b) of the federal regulations relating to tax-exempt obligations shall be met:

(a) the program involves the origination or acquisition of purpose investments;

(b) at least 95% of the cost of the purpose investments acquired under the program represents one or more loans to a substantial number of persons representing the general public, states or political subdivisions, 501(c)(3) organizations, persons who provide housing and related facilities, or any combination of the foregoing;

(c) at least 95% of the receipts from the purpose investments are used to pay principal, interest, or redemption prices on issues that financed the program, to pay or reimburse administrative costs of those issues or of the program, to pay or reimburse anticipated future losses directly related to the program, to finance additional purpose investments for the same general purposes of the program, or to redeem and retire governmental obligations at the next earliest possible date of redemption;

(d) the program documents prohibit any obligor on a purpose investment financed by the program or any related party to that obligor from purchasing bonds of an issue that finances the program in an amount related to the amount of the purpose investment acquired from that obligor; and

(e) neither the City nor the EDA will waive the right to treat the investment as a program investment.

3.12 Effective Date. This resolution shall be in full force and effect from and after its passage.

Adopted by the Board of Commissioners of the Blaine Economic Development Authority, this 2nd day of June, 2025.

____
President

ATTEST:

____
Executive Director

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