City of Blaine
Economic Development Authority

August 17, 2026 | 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. 2026-165 Approval of the May 4, 2026 Economic Development Authority (EDA) Minutes.
Sponsors: Sheila Sellman, Community Development Director

4. New Business

4.1. RES 26-150 Resolution Authorizing the Use of Local Affordable Housing Aid Funds for the Heat Tape Installation Program
Sponsors: Sheila Sellman, Community Development Director

4.2. RES 26-151 Resolution Authorizing a Manufactured Home Replacement Pilot Program
Sponsors: Sheila Sellman, Community Development Director

4.3. RES 26-163 Resolution Approving a Funding Agreement with Blaine Courts and Cloverleaf Courts
Sponsors: Sheila Sellman, Community Development Director

5. Old Business

6. Adjournment

City of Blaine
Economic Development Authority

May 4, 2026 | 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 8:38PM by President Sanders followed by the Roll Call.

2. Roll Call

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

ABSENT: Commissioner Terra Fleming.

Quorum Present.

ALSO PRESENT: Executive Director Erik Thorvig; Deputy Executive Director Sheila Sellman; Deputy Police Chief Joe Gerhard; Finance Director Jason Zimmerman; Director of Administrative Services Scott Johnson; Director of Engineering Dan Schluender; Economic Development Specialist Ruth Tucker; and City Clerk Catherine Sorensen.

3. Approval of Minutes

3.1. 2026-107 Approval of the March 2, 2026 Economic Development Authority (EDA) Minutes
Sponsors: Sheila Sellman, Community Development Director

Moved by Commissioner Robertson, seconded by Commissioner Newland, that the minutes of March 2, 2026, be approved.

Motion adopted unanimously.

4. New Business

4.1. RES 26-80 Resolution Approving a Sewer Availability Charge (SAC) Loan for Hyper Kidz
Sponsors: Ruth Tucker, Economic Development Specialist

Economic Development Specialist Tucker stated in July 2025, council approved a Conditional Use Permit (CUP) for Hyper Kidz to operate an indoor play facility at 10985 Ulysses Street NE, activating a space that had been vacant for seven years. Since that time, the owners have been refining project costs and working to secure financing. During this process, they encountered an unexpectedly high Sewer Availability Charge (SAC) determination from the Metropolitan Council. The SAC is a fee assessed to support regional wastewater infrastructure, with rates varying based on use type and projected discharge. In this case, the Metropolitan Council's methodology counted all seating within the play area—beyond just the kitchen or food service space—resulting in a higher-than-anticipated SAC calculation. Based on this determination, the SAC for the facility is $72,065.

Ms. Tucker reported to address this gap, staff is proposing a SAC loan in the amount of $72,065, structured at 3% interest over a three-year term. SAC loans may be assessed to the property in the event of default, fully mitigating risk to the city. As Hyper Kidz is a tenant and does not own the property, the City has obtained written consent from the property owner to allow for this assessment. The property at 10985 Ulysses Street NE was originally constructed in 2007 for a Best Buy retail store. Following Best Buy's closure, the building was subdivided into two tenant spaces, with Aldi leasing the front portion. The rear tenant space, approximately 22,000 square feet, has remained vacant since that time. Hyper Kidz proposes to occupy this vacant tenant space, representing the first use of the space since the building was reconfigured. In December 2025, Hyper Kidz approached city staff requesting financial assistance to address a project funding gap. After evaluating available tools, staff determined that a SAC loan was the most appropriate mechanism to support the project.

Moved by Commissioner Newland, seconded by Commissioner Robertson, to adopt the resolution approving a sewer availability charge (SAC) loan for Hyper Kidz.

Commissioner Robertson stated she was pleased the EDA was able to find a path forward for Hyper Kidz and she looked forward to this business opening in the city of Blaine.

Motion adopted unanimously.

5. Old Business

None.

6. Adjournment

President Sanders adjourned the meeting at 8:39PM.

City of Blaine
Staff Report

File Number: RES 26-150

Agenda Date	Status
August 17, 2026	
In Control	**File Type**
Economic Development Authority	Resolution

New Business - Sheila Sellman, Community Development Director

Agenda Item # 4.1

Resolution Authorizing the Use of Local Affordable Housing Aid Funds for the Heat Tape Installation Program

Executive Summary

The EDA offered a heat tape installation program over the 2025-2026 winter, which was highly successful. Staff recommends allocating $25,000 of Local Affordable Housing Aid (LAHA) for heat tape installation in the fall of 2026, to prevent frozen water lines on manufactured homes in the City.

Background

The EDA offered a heat tape installation program during the 2025-2026 winter to prevent frozen water lines on manufactured homes. The program was funded by CDBG-CV received from Anoka County. It received the most positive feedback of the home improvement programs offered by the City. Heat tape is necessary to prevent frozen water lines on manufactured homes and has a typical life of 5-10 years. Frozen water lines can result in costly emergency repairs. Twenty households participated in the program with a total expenditure of $32,775, an average of $1,650 per household. Prospective participants have started contacting city staff to see if the program will be offered again this fall.

Staff proposes allocating $25,000 of LAHA to heat tape installation in 2026, with a maximum of $4,000 per household. LAHA is a portion of a sales tax charged by the state within the 7-county metro area which is allocated to local governments for specified affordable housing uses. These funds cannot be used for staff time or general development incentives.

The EDA will contract directly with an installer who will invoice the city. Last year's contract was for $1,500 per heat tape installation with extra for insulation patching and replacement of damaged skirting panels. The EDA will solicit new bids from installers and enter into a contract for this year.

Program guidelines will remain largely the same from the 2025-2026 program with income limits set at 60% of Area Median Income (household size adjusted).

Strategic Plan Relationship

Not applicable.

Board/Commission Review

Not applicable.

Financial Impact

The LAHA fund has $1.2 million available, with $500,000 of that set aside for financial support for the Cloverleaf Courts and Blaine Courts apartment buildings.

Public Outreach/Input

Staff is proposing offering the program again, due to the overwhelming positive feedback on the program and questions from residents about the status for this year.

Staff Recommendation

By motion, adopt the resolution.

Attachment List

None

City of Blaine

Signature Copy

Resolution: RES 26-150

Resolution Authorizing the Use of Local Affordable Housing Aid Funds for the Heat Tape Installation Program

WHEREAS, heat tape installation is a low-cost, high impact home improvement necessary to prevent frozen water lines in manufactured homes and;

WHEREAS, Local Affordable Housing Aid can be used for an income-qualified heat tape installation program and;

WHEREAS, the program offered over the 2026-2027 winter was extremely successful.

NOW THEREFORE, BE IT RESOLVED, that the Blaine Economic Development Authority hereby authorizes an expenditure of up to$25,000 in Local Affordable Housing Aid (LAHA) for heat tape installation for households at or below 60% of Area Median Income (AMI), with a per household expenditure of no more than $4,000.

PASSED by the Blaine Economic Development Authority this 17th day of August, 2026.

City of Blaine
Staff Report

File Number: RES 26-151

Agenda Date	Status
August 17, 2026	
In Control	**File Type**
Economic Development Authority	Resolution

New Business - Sheila Sellman, Community Development Director

Agenda Item # 4.2

Resolution Authorizing a Manufactured Home Replacement Pilot Program

Executive Summary

The proposed pilot program facilitates the replacement of five substandard manufactured homes through down payment assistance and cost share for demolition of existing homes. The program will be funded with Local Affordable Housing Aid (LAHA) as directed by the City Council in workshop discussions regarding use of those restricted funds.

Background

The City of Blaine receives approximately $700,000-800,000 in LAHA annually, which is funded by a sales tax charged in the seven-county metro area. Funds can be spent on a variety of affordable housing uses. The City Council provided feedback over two workshop sessions in 2024 and identified down payment assistance, accessibility/aging in place, and manufactured home replacement as priorities for the use of the funds. The City Council reaffirmed those priorities in a workshop session in early 2026. Since then, the City Council directed the use of $500,000 in LAHA for assistance to Cloverleaf Courts and Blaine Courts.

A feasibility study to determine the need for, and optimal structure of a manufactured home replacement program was completed over 2025 and 2026, funded by a Metropolitan Council Livable Communities Grant. The study included assessments of 25 homes, 37 survey responses, and 25 in depth interviews with owners of manufactured homes built prior to 1990 in Restwood Terrace and Centennial Square. Findings were used to develop program terms and to establish the amount of subsidy necessary to facilitate replacement of substandard homes while making effective use of limited funds.

NeighborWorks Home Partners currently offers Prime Path, a state funded mortgage product for the purchase of manufactured homes, that generally matches the terms common for stick built homes. That offering uniquely positions Neighborworks to administer a downpayment assistance program paired with that mortgage product. Based on the feasibility study, staff proposes a down payment assistance be provided up to $60,000, which would allow borrowers to have monthly payments as low as $360 per month for a typical single wide home. The feasibility analysis found that this would be achievable for some of the owners of substandard manufactured homes.

Key program terms are:

- Household
    - Incomes at or below 60% of Area Median Income (household size adjusted).
    - Borrower must qualify for Prime Path Mortgage for the portion of the cost not covered by down payment.
    - At least one borrower per household must complete both a repurchase homebuyer education class and a 1:1 advising appointment.
- Existing Home
    - Existing home must be pre-HUD code, or pre-1994 code and in substantial disrepair.
    - Existing home must be demolished within two weeks of new home purchase.
    - Existing home must be located in a park that has agreed to cover demolition costs, with 50% of demolition paid by the EDA, up to $5,000 per home.
    - Clear title to home with no outstanding liens.
- New Home
    - New home with no previous occupant.
    - Located in same park as existing home.
- Assistance Amount and Structure
    - Down payment assistance amount is determined based on the maximum first mortgage the borrower qualifies for, with a maximum down payment assistance amount of $60,000.
    - Assistance provided as a 20-year deferred loan, with 5% forgiven each year.
    - Borrower must provide a 1% down payment in sourceable own funds.

This program will serve as a pilot program and if successful, staff will seek funding from other agencies to support the program. There is also potential interest from Anoka County in offering a county-wide program and the city pilot program can help inform that effort.

Strategic Plan Relationship

Not applicable.

Board/Commission Review

Not applicable.

Financial Impact

The total cost of the program will be $335,775 including down payment assistance, demolition assistance, and administrative costs for loan origination and servicing by NeighborWorks.

The balance in the LAHA fund as of August 6 is $1,216,478. Accounting for the three expenditures under consideration on this agenda ($25,000 for heat tape, $500,000 for Cloverleaf Courts/Blaine Courts, and $335,775 for the home replacement pilot program), the previously committed funds for down payment assistance in 2026 and 2027, and the remaining payment from the Department of Revenue in December 2026 (approxmiately $400,000), $618,645 remains available for future use.

The accessibility loan program is also funded using LAHA, but was not included in the calculation as there is no annual budget for the program, and expenditures are typically small. This leaves sufficient funds available to address any unexpected needs.

Public Outreach/Input

The program was included in the LAHA plan based on resident requests for a program to assist with replacement of substandard manufactured homes, after a program offered by another agency was discontinued over a decade ago. The design of the program was based on extensive community engagement with participants in the feasibility study.

Staff Recommendation

By motion, adopt the resolution.

Attachment List

1. Blaine MFH - Replacement Pilot - Guidelines Draft
2. Proposed Fee Schedule - City of Blaine DPA 2026

City of Blaine

Signature Copy

Resolution: RES 26-151

Resolution Authorizing a Manufactured Home Replacement Pilot Program

WHEREAS, repair or replacement of substandard manufactured homes was identified by the City Council as a priority for the use of Local Affordable Housing Aid in 2023 and;

WHEREAS, a feasibility study found that $60,000 of down payment assistance and 50% of demolition costs is an appropriate level of subsidy and;

WHEREAS, NeighborWorks Home Partners is uniquely positioned to administer a down payment assistance program for manufactured homes.

NOW THEREFORE, BE IT RESOLVED, that the Blaine Economic Development Authority hereby approves an expenditure of $310,775 to NeighborWorks Home Partners for manufactured home replacement with program terms generally consistent with the draft terms attached to the associated staff report;

BE IT FURTHER RESOLVED, that the Blaine Economic Development Authority hereby approves up to $25,000 for demolition assistance for removal and disposal of homes replaced through this program.

PASSED by the Blaine Economic Development Authority this 17th day of August, 2026.

Main Office:
533 Dale Street North
Saint Paul, MN 55103

Minneapolis Office:
1930 Glenwood Avenue
Minneapolis, MN 55405

P: 651-292-8710
F: 651-292-0473
nwhomepartners.org

City of Blaine Replacement Manufactured Home Pilot Down Payment Assistance Program Guidelines

Program Overview: This program is designed to provide down payment to qualified borrowers that are looking to replace their existing manufactured home in a participating park.

Loan Amount: Loan amount up to $60,000

Eligible Use of Funds: Funds will be used for down payment and closing costs (does not include appraisal shortages) for a new manufactured home. It will cover the difference between cost of new home and the new first financing loan amount.

Interest Rate & Deferred Loan Term: The loan has no monthly payment and does not accrue interest. Loan is deferred, forgivable. Forgiven 5% per year over 20 years. Loan is due if unit is sold, transferred, or no longer occupied within the loan period.

Loan Security: The loan will be secured by a lien in favor of City of Blaine

Applicant Eligibility:

- Borrower must be a current owner occupant of a manufactured home in participating park.
- Current home must be pre-HUD code or is pre 1994 code with substantial deficiencies.
- Qualified buyers must have an annual household income that is at or below 60% of the area median income (AMI).
- Borrower must qualify for Prime Path Manufactured Home Consumer First Financing Product.
- Household Income is based on all income for people who will also reside in the subject property that are 18 or older.
- Buyers must have a minimum cash investment of 1% from their own verifiable funds. Gift funds, grants, or loans are not acceptable.
- Buyers must homestead and occupy the property as their primary residence for the life of the loans.
- Non-occupant co borrowers or co-signers are allowed if at least one borrower will live in the property.

Education:

At least one borrower must complete:

- Pre-Purchase Homebuyer Education (Manufactured Home Course) must be taken prior within the past 12 months

- 1:1 Pre-purchase Advising appointment from a HUD Approved Counseling Agency or Minnesota Homeownership Center participating - must be taken within the past 12 months

Property Eligibility:

- Properties located in City of Blaine in an approved park
- New Manufactured Homes (Single, Double, or Triple wide)
- Modular Home and Pre-cute Home
- Property must be permanently affixed to a foundation, piers, or slab.
- Purchase price max is $250,000

Application Process: Please submit all supporting documentation at the time of application:

- Fully executed purchase agreement
- Education certificates
- Most recent 30 days of pay stubs from all employment,
- 2 years tax returns with all schedules and 2 years of all W2s
- 2 months of most recent bank statements.
- State Identification

Please allow at least 30 days to close from the time the complete application is submitted.

Disbursement Process: If the application meets the program guidelines, the loan funds will be wired to the Title Company from NeighborWorks Home Partners. The buyer will sign the loan documents at time of first loan closing.

Program Disclaimer: City of Blaine maintains the right to at any time to change or discontinue this program. The potential changes may impact the maximum/minimum loan amount, loan term, interest rate, and/or qualifications for borrower, and property.

We appreciate your cooperation and welcome your questions.

Thank you,
NeighborWorks Home Partners
downpayment@nwhomepartners.org
651-292-8710

Manufactured Home Replacement Down Payment Assistance

City of Blaine - Loan Pool & Fees

Fees	Amount		Production (est)
Set Up Fee	$	-	
Annual Fee	$	-	
Admin Fee	$	2,000.00	5
Origination Fee		0%	
Loan Servicing Fee	$	155.00	5
Down payment loans	$	60,000.00	5
TOTAL			

Loan Funding Process

1	City of Blaine would prefund $120,000 in capital to NWHP. Additional capital prefunded based on scheduled closings
2	*NWHP will fund loans at time of closing*
3	*Once closed, NWHP will invoice for capital, admin and loan servicing fees by the end of the month following closing.*
4	NWHP will provide electronic customer files as required by City of Blaine
5	NWHP will service loans for the term of the note.

Total	
$ -	
$ -	
$ 10,000.00	
$ -	
$ 775.00	
$ 300,000.00	*actual number of loans may be greater if individual loan amounts are les
$ 310,775.00	

ss than the maximum

City of Blaine
Staff Report

File Number: RES 26-163

Agenda Date	Status
August 17, 2026	
In Control	**File Type**
Economic Development Authority	Resolution

New Business - Elizabeth Showalter, Housing Program Coordinator

Agenda Item # 4.3

Resolution Approving a Funding Agreement with Blaine Courts and Cloverleaf Courts

Executive Summary

The resolution authorizes $500,000 of assistance, paid over four years, to Cloverleaf Courts and Blaine Courts paid on a performance basis if rents remain affordable at 60% of area median income and rent does not increase more than 5% per year. This assistance will facilitate repayment of a note issued by the property owner that becomes due in 2030.

Background

Blaine Courts (1990) and Cloverleaf Courts (2000) were developed by the Economic Development Authority (EDA) to provide affordable independent senior apartments for senior residents of Blaine and surrounding communities. In total, 157 units were built with these two buildings. The EDA owned, maintained and provided direction to a management company that oversaw the daily operations of both apartments.

On January 8, 2015, the EDA approved the purchase agreement for the sale of the properties to LaNel Financial. The total paid for the two properties was $10,650,000 with $9,650,000 paid at closing and $1 million in the form of separate promissory notes (issued by Hiawatha Lake Ventures II, LLC) for each facility ($290,000 for Blaine Courts and $710,000 for Cloverleaf Courts). The notes were structured as interest free for the first 5 years, interest only (at 4.25%) for the next 5 years, with a balloon payment in full at the end of the 10-year term.

In 2019, LaNel requested the notes be renegotiated to push the payment terms back 5 years to mirror the permanent funding in place. The EDA was generally in favor of this proposal. As the renegotiation was progressing, the COVID-19 pandemic hit, and discussions paused. At one point, there was consideration of providing LaNel funding assistance through the City's CARES allocation. As an alternative to direct assistance, the City/EDA, at staff's recommendation, considered renegotiating the notes to be a better alternative. Amended and restated promissory notes were prepared. However, there was never formal approval by the parties.

On June 5, 2023, the EDA formally approved these restated notes. The restated note requires interest-only payments beginning in July 2025 and a balloon payment for the principal balance and any unpaid interest on June 1, 2030. LaNel has been current on all interest payments for the note, which started in July 2025.

Over 2025 and 2026, city staff and LaNel representatives have met several times regarding the financial needs of the property and the ability to repay the note in 2030. Initially, staff proposed the use of pooled TIF to assist with capital improvements needed over the next ten years in both buildings, which would free up funds to repay the note. The City Council approved a term sheet in January providing $500,000 of pooled TIF and $500,000 in Local Affordable Housing Aid (LAHA) to the properties as reimbursement for $1.3 million in capital improvements.

The primary loan on both properties is secured by FreddieMac, typical for apartment buildings. Since the funding sources require restrictions on rent levels, FreddieMac must consent to the terms of the agreement. LaNel was unable to obtain that consent. Staff and the owner worked through modifications to the terms to find a structure that would be acceptable to FreddieMac, but were unsuccessful. The owner is not able to refinance for several more years, so a less restrictive mortgage product is not an option.

In 2024, the legislature expanded the eligible uses of LAHA to allow for "support to financially distressed rental properties," which does not require specific affordability requirements to be met. To facilitate the eventual repayment of the $1 million note, which would be repaid to the general EDA fund, staff proposes utilizing this eligibility category and providing funds on a performance basis, based on rents changed in the previous year, rather than committing to upfront funding in exchange for future affordability. This circumvents any need for lender approval. The owner has demonstrated the property is financially distressed through the rent level analysis attached to this report, which shows that a 10-18% rent increase would be necessary without city assistance due to the upcoming balloon payment and necessary capital expenses.

The proposed terms are:

- $125,000 paid annually for four years, if rents in the previous year were affordable at 60% of Area Median Income, and rent increases were no more than 5% year over year.
- No capital improvements required.

This structure will result in a total payment of $500,000 to LaNel over four years, all in advance of the end of the loan term on the $1 million note. The use of LAHA is preferable over partial forgiveness of the note, since it will be an expenditure of restricted funds, rather than forgiveness of loan that would be repaid with unrestricted funds, giving the EDA maximum flexibility for use of those funds.

Strategic Plan Relationship

Not applicable.

Board/Commission Review

Not applicable.

Financial Impact

The balance in the LAHA fund as of August 6 is $1,216,478. Accounting for the three expenditures under consideration on this agenda ($25,000 for heat tape, $500,000 for Cloverleaf Courts/Blaine Courts, and $335,775 for the home replacement pilot program), the previously committed funds for down payment assistance in 2026 and 2027, and the remaining payment from the Department of Revenue in December 2026 (approximately $400,000), $618,645 remains available for future use.

The accessibility loan program is also funded using LAHA, but was not included in the calculation as there is no annual budget for the program, and expenditures are typically small. This leaves sufficient funds available to address any unexpected needs.

Public Outreach/Input

Not applicable.

Staff Recommendation

By motion, adopt the resolution.

Attachment List

1. Forgivable Loan Agreement - Cloverleaf DRAFT
2. Request Overview

City of Blaine

Signature Copy

Resolution: RES 26-163

Resolution Approving a Funding Agreement with Blaine Courts and Cloverleaf Courts

WHEREAS, the EDA received a request from LaNel Financial for financial assistance or term modification for an existing $1 million note due in full in June 2030 and;

WHEREAS, Blaine Courts and Cloverleaf Courts are financially distressed rental properties, as described in Minnesota Statute 477A.35, since they are unable to pay the full balance of the promissory note that matures in June 2030 without substantial rent increases and;

WHEREAS, the EDA receives Local Affordable Housing Aid which can be utilized to support financially distressed rental properties.

NOW THEREFORE, BE IT RESOLVED, that the Blaine Economic Development Authority hereby authorizes the President and Executive Director to execute a funding agreement with LaNel, or its subsidiaries, that is substantially similar to the agreement attached to the associated staff report.

PASSED by the Blaine Economic Development Authority this 17th day of August, 2026.

FORGIVABLE LOAN AGREEMENT

THIS FORGIVABLE LOAN AGREEMENT ("Agreement") is made and entered into this ___ day of ____________, 2026, by and between the Blaine Economic Development Authority, a political subdivision under the laws of the State of Minnesota (the "Lender" or "EDA"), Hiawatha Lake Venture I, LLC, a Minnesota limited liability company (the "Borrower"), and LaNel Financial Group, Inc., a Minnesota business corporation (the "Parent Company"). The Borrower and the Parent Company are jointly and severally liable to the Lender/EDA.

RECITALS

WHEREAS, Borrower has requested financial assistance from the Lender in the amount of $355,000 to support payoff of the balloon note on the loan from the EDA general fund; and

WHEREAS, the Lender has agreed to provide the funds requested via a forgivable loan from the EDA's Local Affordable Housing Aid Fund pursuant to the terms and conditions contained in this Agreement; and

NOW THEREFORE, it is agreed by and between the parties hereto as follows:

ARTICLE 1
Definitions

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

"**Annual Payment**" means the Lender's annual payment to the Borrower of $88,750.

"**Borrower**" means Hiawatha Lake Ventures I, LLC, a Minnesota limited liability company.

"**EDA**" means the Blaine Economic Development Authority, a political subdivision under the laws of the State of Minnesota.

"**Consideration of Payment**" means loan amount of up to $355,000.

"**Disbursement Date**" means each date on which an Annual Payment is disbursed by the Lender to the Borrower.

"**Forgivable Loan**" means the funds loaned by the Lender to the Borrower pursuant to this Agreement.

"**Lender**" means the Blaine Economic Development Authority; a political subdivision under the laws of the State of Minnesota.

"**Loan Proceeds**" means the funds disbursed to the Borrower pursuant to this Agreement.

"**Parent Company**" means LaNel Financial Group, Inc., a Minnesota business corporation.

"**Property**" means the real property described in Exhibit A attached hereto.

ARTICLE 2
Financing

Section 2.1. Local Affordable Housing Aid Funds. Money from the EDA's Local Affordable Housing Aid Funds will be used by the Lender to make a Forgivable Loan to the Borrower of not more than $355,000 to assist payoff of the EDA general fund balloon note. The Borrower and the Parent Company are jointly and severally liable to the Lender/EDA; for avoidance of doubt, Parent Company is obligated without exception for all duties, responsibilities, and liabilities of Borrower and any notice to Borrower shall constitute notice to Parent Company.

ARTICLE 3
Forgivable Loan Terms and Conditions

Section 3.1. Basic Forgivable Loan Terms. The principal amount of the Forgivable Loan shall not exceed $355,000, comprised of Annual Payments made on or before June 1 of 2027, 2028, 2029, and 2030. The term of the Forgivable Loan is set forth in Section 8.1 of this Agreement.

Section 3.2. Conditions Precedent to Each Annual Payment.

(a) Borrower shall have maintained rents for the prior calendar year at levels affordable to households at 60% of Area Median Income (as established by HUD) and shall not have increased rents by more than 5% over the prior year.
(b) Borrower shall deliver to Lender on or before March 1 of each year documentation reasonably sufficient to demonstrate compliance with the foregoing affordability and rent-increase requirements for the prior calendar year.
(c) No capital improvements are required as a condition to any Annual Payment.

Section 3.3. Assignment. If, prior to a Disbursement Date, the Borrower sells, conveys, transfers, further mortgages or encumbers (other than for the Permitted Exceptions set forth on Exhibit B), or disposes of the Property, or any part thereof or interest therein, or enters into an agreement to do any of the foregoing, the Borrower will not be eligible for Consideration of Payment and this Agreement shall automatically terminate. This shall be in addition to any other remedies at law or equity available to the Lender.

Section 3.4. Termination. This Agreement shall automatically terminate without any notice to Borrower if Borrower fails to satisfy the conditions precedent pursuant to Section 3.2.

ARTICLE 4
Default and Collateral

Section 4.1. Default. The Borrower shall be in default under this Agreement upon the happening of any one or more of the following events.

(a) The Borrower is in breach in any material respect, of any obligation or agreement under this Agreement (other than nonpayment of any amount payable on the Forgivable Loan) and remains in breach in any material respect for thirty (30) business days after written notice thereof to the Borrower by the Lender; provided, however, that if such breach shall reasonably be incapable of being cured within such thirty (30) business days after notice, and if the Borrower commences and diligently prosecutes the appropriate steps to cure such breach, no default shall exist so long as the Borrower is proceeding to cure such breach;

(b) If any material covenant, warranty, or representation of the Borrower shall prove to be untrue in any material respect, provided such covenant, warranty, or representation of the Borrower remains untrue in any material respect for thirty (30) business days after written notice thereof to the Borrower by the Lender;

(c) A final judgment is entered against the Borrower that the Lender reasonably deems will have a material, adverse impact on the Borrower's ability to comply with the Borrower's obligations under this Agreement;

(d) The Borrower sells, conveys, transfers, encumbers, or otherwise disposes of all or any part of the Property without the prior written approval of the Lender; or

(e) The Borrower merges or consolidates with any other entity without the prior written approval of the Lender.

Section 4.2. Remedies Upon Default.

(a) In the event of a default, the Lender shall have the right as its option and without demand or notice, to (1) declare this Agreement terminated and shall not be obligated to make any disbursements under this Agreement; or (2) declare all or any part of the Forgivable Loan immediately due and payable, and in addition to the rights and remedies granted hereby, and the Lender shall have all of the rights and remedies available under the Uniform Commercial Code and any other applicable law.

(b) The Borrower agrees to pay the costs and expenses incurred by the Lender in enforcing its rights under this Agreement, including but not limited to the Lender's attorneys' fees. If any notice of sale, disposition or other intended action by the Lender is required by law to be given to the Borrower, such notice shall be deemed reasonably and properly given if mailed to the Borrower at the Property or at such other address of the Borrower as may be shown herein, at least fifteen (15) days before such sale, disposition or other intended action.

ARTICLE 5
Loan Disbursement Provisions

Section 5.1. Payment Disbursement. The Annual Payments shall be disbursed to the Borrower only after the Lender has received from the Borrower proof of satisfaction of the conditions precedent no later than March 1. The Disbursement Date of each Annual Payment shall be June 1.

ARTICLE 6
Nondiscrimination

Section 6.1. Nondiscrimination. The provisions of Minnesota Statutes, Section 181.59 and any successor statutes, which relate to civil rights and discrimination, shall be considered a part of this Agreement as though wholly set forth herein and the Borrower shall comply with each such provision through the term of this Agreement.

ARTICLE 7
Borrower's Acknowledgments

Section 7.1. Acknowledgements. The Borrower acknowledges that the Lender, in order to obtain funds for the Loan Proceeds, is using funds provided by the State under the Local Affordable Housing Aid Program. The Borrower acknowledges that nothing contained in this Agreement shall be deemed or construed to create between the State and the Borrower (or, except as Borrower and Lender, between the Lender and the Borrower) any relationship, including but not limited to that of third-party beneficiary, principal and agent, limited or general partnership, or joint venture.

ARTICLE 8
Other Special Conditions

Section 8.1. Forgivable Loan Closeout. The Borrower shall, upon request from Lender, provide the Lender with all documentation necessary to demonstrate that the Loan Proceeds have been used for the items and purposes set forth in this Agreement. Upon submission by Borrower to Lender of reasonable evidence that the proceeds of the Forgivable Loan have been used pursuant to the requirements of Section 3.1 (subject to the Lender's written approval not to be unreasonably withheld, conditioned or delayed) all obligations under this Agreement, and all other documents, covenants, promises and agreements relating to the Forgivable Loan between Borrower and Lender, including Borrower's requirement to repay the Forgivable Loan shall terminate and the Forgivable Loan will be forgiven.

Section 8.2. Release and Indemnification Covenants. Except for any breach of the representations and warranties of the Lender or the gross negligence or other wrongful act or omission of the following named parties, the Borrower agrees to protect and defend the Lender and the governing body members, officers, agents, servants, and employees thereof, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action, or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from the Borrower's activities on the Property.

Section 8.3. Modifications. This Agreement may be modified solely through written amendments hereto executed by the Borrower and the Lender.

Section 8.4. Notices and Demands. Any notice, demand, or other communication under this Agreement by either party to the other shall be sufficiently given or delivered only if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally:

(a) As to the Lender:	Blaine Economic Development Authority Attn: Elizabeth Showalter 10801 Town Square Drive NE Blaine, MN 55449
(b) As to the Borrower:	Hiawatha Lake Ventures I, LLC Attn: Francis W. Lang 4601 Excelsior Blvd, Suite 650 Minneapolis, MN 55416
(c) As to the Parent Company:	LaNel Financial Group, Inc. Attn: Francis W. Lang 4601 Excelsior Blvd, Suite 650 Minneapolis, MN 55416

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

Section 8.5. Binding Effect. The covenants and agreements in this Agreement shall bind and benefit the heirs, executors, administrators, successors, and assigns of the parties to this Agreement.

Section 8.6. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of this Agreement are inserted only for convenience of reference and shall be disregarded in construing or interpreting any of its provisions.

Section 8.7. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 8.8. Choice of Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota without regard to its conflict of law provisions. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, Anoka County, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

Section 8.9. Entire Agreement. This Agreement, with the exhibits hereto, constitutes the entire agreement between the parties pertaining to its subject matter and it supersedes all prior contemporaneous agreements, representations, and understandings of the parties pertaining to the subject matter of this Agreement.

Section 8.10. Severability. Wherever possible, each provision of this Agreement and each related document shall be interpreted so that it is valid under applicable law. If any provision of this Agreement is to any extent found invalid by a court or other governmental entity of competent jurisdiction, that provision shall be ineffective only to the extent of such invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 8.11. Immunity. Nothing in this Agreement shall be construed as a waiver by the Lender of any immunities, defenses, or other limitations on liability to which the Lender is entitled by law, including but not limited to the maximum monetary limits on liability established by Minnesota Statutes, Chapter 466.

(remainder of page left blank intentionally; signature pages to follow)

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

LENDER:

BLAINE ECONOMIC DEVELOPMENT AUTHORITY

By ___________________________

Tim Sanders

Its President

By ___________________________

Erik Thorvig

Its Executive Director

BORROWER:

HIAWATHA LAKE VENTURES I, LLC

a Minnesota limited liability company

By: ________________________________

Francis W. Lang

Its: President and Chief Manager

LANEL FINANCIAL GROUP, INC.

a Minnesota business corporation

By: ________________________________

Francis W. Lang

Its: President/CEO

EXHIBIT A
Legal Description of Property

PID: 29.31.23.33.0008

Lot 1, Block 1, Cloverleaf Community Center 4th Addition

EXHIBIT B
Permitted Exceptions

Those items shown on that certain Owner's Title Policy issued by ____________, dated ____________ and identified as policy number _______________.

Cloverleaf Courts & Blaine Courts:

Senior Housing Capital Support Request

Request: $1,000,000 in City Funds

Executive Summary:

We own and operate two Senior Housing Properties in the City of Blaine:

- Cloverleaf Courts
- Blaine Courts

Property Summaries:

- These properties serve senior residents (aged 55+)
- The two properties were purchased from the City of Blaine, which assisted in the funding through two Notes totaling $1,000,000
- We have invested approximately the same amount back into the buildings

We’re requesting $1,000,000 in City Funds to meet Future Capital Needs:

- This will allow us to continue avoiding large rent increases while maintaining quality Senior Housing

Background:

Properties Purchased with City Debt:

- Cloverleaf Courts: $710,000 Note
- Blaine Courts: $290,000 Note

Verbal agreement with City Staff:

- No Annual Rent Increases Greater than 5% for 5 years

We’ve continued to honor this while owning the buildings for over 10 years:

- Rents remain below market and stable despite rising costs
- We need the city funds to continue this trend

Cloverleaf Courts & Blaine Courts:

- **Built from Within**: Residents invite friends & neighbors, creating natural community
- **Resident-Driven Programs**: Garden clubs, events, lifelong learning
- **Award-Winning Staff**: Recognized leaders with deep dedication
- **Transportation Fleet**: 7 buses connecting residents to city life — Dining, Arboretum, State Fair, & more
- **City Benefits**:
  - Reduces isolation
  - Supports aging in place
  - Strengthens neighborhood engagement

Pictured: *Blaine Courts (Top), Cloverleaf Courts (Bottom)*

Our Investment to Date:

In 10 Years, we have Invested over $1,390,000 in Capital Improvements:

- Cloverleaf Courts: $911,261
- Blaine Courts: $483,164

Capital Improvements Include:

- Roofs
- Mechanical Systems (HVAC Repairs, Appliance Systems, etc.)
- Common Areas (Furniture, Carpets, Gathering Spaces)
- Safety / Accessibility Features (Fire & Safety, Doors, Electrical Upgrades)

Future Capital Needs:

Major System Upgrades Required:

- Appliance Replacements / Unit Upgrades - $729,000 **(Slide 8)**
- Common Area Flooring Replacements - $250,000 **(Slide 6)**
- Concrete Repairs - $100,000 **(Slide 7)**
- Elevator Modernization - $360,000
- HVAC Replacements - $100,000
- Security Improvements - $140,000
- Windows and Accessibility Improvements - $150,000 **(Slide 9)**

- **Total Future Capital Needs:** $1,829,000

City Funding will allow us to complete the above items without burdening Residents

Blaine Courts & Cloverleaf Courts Capital Needs (Common Area Flooring):

Common Area Flooring ($250,000):

- Replacing & repairing flooring in high-traffic common areas
- Updating worn or torn sections
- These upgrades directly support our residents' ability to move safely and confidently throughout either community




Pictured: *Blaine Courts (Top), Cloverleaf Courts (Bottom)*

Blaine Courts & Cloverleaf Courts Capital Needs (Exterior Concrete):

Exterior Concrete ($100,000):

- Repairing and replacing deteriorated exterior concrete
- Provide stable, slip-resistant walkways and entry areas, ensuring safe access to and from the building year-round
- Protects residents from avoidable injuries and also promotes their independence and confidence in navigating the community

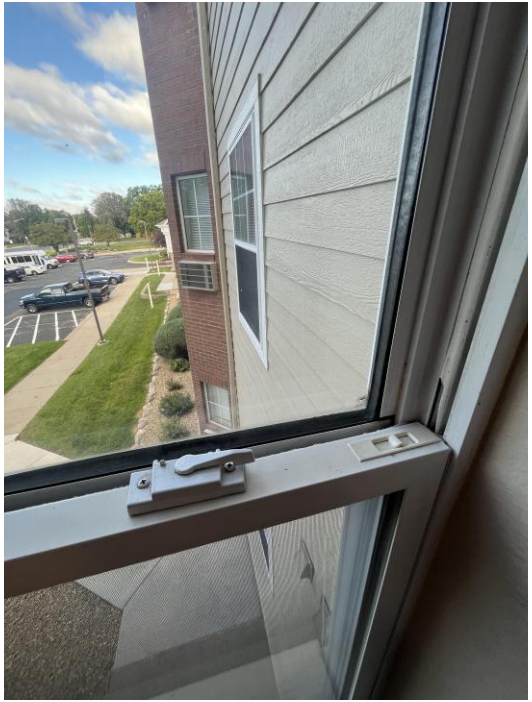
Pictured: *Blaine Courts (Top), Cloverleaf Courts (Bottom)*

Blaine Courts & Cloverleaf Courts Capital Needs
(Appliance & Kitchen Upgrades):

Appliance & Kitchen Upgrades ($729,000):

- Installing updated, senior-friendly, appliances
- Features:
  - Large, easy-to-turn knobs
  - Well-lit oven interiors
  - Highly visible digital clocks / timers to reduce the risk of burns, kitchen fires, and accidents caused by limited vision or mobility
- These upgrades make daily tasks easier and safer for aging hands and eyes

Cloverleaf Capital Needs (Window Replacements**):**



Window Replacements ($150,000):

- Existing windows have become an ongoing issue, leading to heat / utility inefficiencies
- Aggressive replacement program is needed to meet the needs of our vulnerable seniors

Rent Affordability / Commitment:

Rents have never been raised more than 5% in our 10 Years of Ownership

We propose:

- Reserving 20% of units at 50% AMI or below (for a term of 10 Years)
- This maintains deep affordability for our most vulnerable residents

Current Rents:

Cloverleaf Courts Current Rents (Average):

- Studio Units: $1,069 ($1.85 PSF)
- 1 Bedroom Units: $1,316 ($1.77 PSF)
- 2 Bedroom Units: $1,634 ($1.67 PSF)
- Average Increase (2021-2025): 4.49%

Cloverleaf Courts Current Average Rents			
Unit Type	**Sq. Ft.**	**Rent**	**Rent PSF**
Studio	578	$1,069	$1.85
1 BR	743	$1,316	$1.77
2 BR	980	$1,634	$1.67

Blaine Courts Current Rents (Average):

- 1 Bedroom Units: $1,116 ($1.56 PSF)
- 2 Bedroom Units: $1,404 ($1.65 PSF)
- Average Increase (2021-2025): 4.46%

Blaine Courts Current Average Rents			
Unit Type	**Sq. Ft.**	**Rent**	**Rent PSF**
1 BR	717	$1,116	$1.56
2 BR	852	$1,404	$1.65

Current 50% AMI Rents (Anoka County):

- Studio Units: $1,158
- 1 Bedroom Units: $1,241
- 2 Bedroom Units: $1,490

Anoka County 50% AMI Rents	
Unit Type	**Sq. Ft.**
Studio	$1,158
1 BR	$1,241
2 BR	$1,490

Market Comparison:

Senior (55+) Market Area Rent Levels (Average):

- 1 Bedroom Units: $1,730 ($2.17 PSF)
- 2 Bedroom Units: $2,443 ($2.15 PSF)

Senior (55+) Market Area Rents***			
Unit Type	**Sq. Ft.**	**Rent**	**Rent PSF**
1 BR	796	$1,730	$2.17
2 BR	1,138	$2,443	$2.15

Average of 4 Area Senior (55+) Buildings:

***Aura Apartments (Fridley, MN)

***Estates of Arbor Oaks (Andover, MN)

***Risor of Blaine (Blaine, MN)

***Villas of Mounds View (Mounds View, MN)

Projected Rent Increase (to Cover Capital Needs):

Projected Increases: If funds from the City are not received / City Funding isn't awarded

Cloverleaf Courts Increased Rents (CAPX):

- Studio Units: $1,263 ($2.19 PSF)
- 1 Bedroom Units: $1,510 ($2.03 PSF)
- 2 Bedroom Units: $1,828 ($1.86 PSF)
- Increase to Current Rents:
  - Studio Units: 18.15%
  - 1 Bedroom Units: 14.74%
  - 2 Bedroom Units: 11.87%

Cloverleaf Courts Projected Increased Rents			
Unit Type	**Sq. Ft.**	**Rent**	**Rent PSF**
Studio	578	$1,263	$2.19
1 BR	743	$1,510	$2.03
2 BR	980	$1,828	$1.86

Blaine Courts Increased Rents (CAPX):

- 1 Bedroom Units: $1,266 ($1.77 PSF)
- 2 Bedroom Units: $1,554 ($1.82 PSF)
- Increase to Current Rents:
  - 1 Bedroom Units: 13.44%
  - 2 Bedroom Units: 10.68%

Blaine Courts Projected Increased Rents			
Unit Type	**Sq. Ft.**	**Rent**	**Rent PSF**
1 BR	717	$1,266	$1.77
2 BR	852	$1,554	$1.82

Impact of City Funding:

- Ensures Safety and Livability of Buildings
- Avoid Rent Increases that would Displace Seniors
- Honors the City's Housing Goals and our Partnership
- Match our Historic Investment with City Support

Summary of Request:

We respectfully request $1,000,000 in City Funds to:

- Fund Capital Needs for Cloverleaf Courts & Blaine Courts
- Preserve Affordable, Dignified Housing for Seniors