CITY COUNCIL
MEETING AGENDA
JANUARY 26, 2026 AT 5:30 PM
HJEMKOMST CENTER AUDITORIUM - 202 1ST AVE N.

Disclaimer: Voting requirements may be subject to changes in the law, parliamentary procedural matters, or other unforeseen issues. The City Attorney provides opinion on questions of voting requirements by the Moorhead City Code, Minnesota State Statues, and parliamentary procedure.

1. Call to Order/Roll Call

2. Pledge of Allegiance

3. Agenda Amendments

4. Consent Agenda

   All items listed with an asterisk (*) are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Council Member so requests, in accordance with the "Council Rules of Procedure". In such event, the item will be removed from the General Order of Business and considered in its normal sequence on the agenda.

5. Recognitions/Presentations

   A. Recognitions: Employee Years of Service

6. Approve Minutes

   A. January 12, 2026 Meeting Minutes

7. Citizens Addressing the Council (Time Reserved: 15 Minutes)

8. Mayor and Council Appointments

   A. *Resolution for Appointments to Boards and Committees

9. Public Hearings (5:45 pm)

10. Community Development Department

    A. *Resolution to Approve Minor Subdivision - Parcel 21.042.0400

11. Economic Development

12. Engineering Department

    A. *Resolution to Approve Amendment #2 to Task Order 24-12 for the Bluestem Pedestrian Bridge Project (Eng. No. 22-13-04)

    B. *Resolution to Approve Change Order #1 for the Citywide Striping Project (Eng. No. 25-13-01)

13. Fire Department

14. Moorhead Public Service

    A. *Resolution to Award Bid for 2026 Water Distribution Pipe and Fittings

15. Parks and Recreation Department

    A. *Resolution to Approve an Agreement with First Avenue Promotions for Screen Printing and Apparel Services

    B. *Resolution to Approve 2026 "Boiler Plate" Agreement and the *2026 Athletic Use Guide* for Routine Leasing of Facilities within the Parks and Recreation Department

16. Police Department

    A. *Resolution to Approve Budget Adjustment #26-004 to Transfer Funds to Support the Purchase of Targeted Technology Equipment

17. Public Works

18. Administration

    A. Resolution Authorizing the lease, continuing disclosure undertaking, related bond documents and requesting the Moorhead Economic Development Authority to issue the Series 2026A Bonds

    B. Resolution to Approve Moorhead's 2026 Minnesota Legislative Priorities

    C. *Resolution to Approve Support of Passenger Rail Service from the Twin Cities to Fargo/Moorhead

    D. *Resolution to Approve 2026 Tax Increment Interfund Loan

    E. *Resolution to Accept 2025 Donations

19. Mayor and Council Reports

20. City Manager Reports

21. Executive Session

22. New Business

23. Adjourn

Upon request, accommodations for individuals with disabilities, language barriers, or other needs to allow participation in city meetings will be provided. To arrange assistance, call the City Clerk office at 218.299.5166 (voice) or 711 (TDD/TTY).Visit our website at www.moorheadmn.gov

MINUTES OF THE CITY COUNCIL
HJEMKOMST CENTER AUDITORIUM - 202 1ST AVE N.
January 12, 2026 - 5:30 PM

1. Call to Order/Roll Call

   Roll call of the members was made as follows:
   Present (7): Ryan Nelson, Nicole Mattson, Heather Nesemeier, Emily Moore, Deb White, Lisa Borgen, Sebastian McDougall
   Present Not Voting (1): Shelly
   Carlson Absent (1): Chuck
   Hendrickson

2. Pledge of Allegiance

3. Agenda Amendments

4. Consent Agenda

   Motion to Approve made by Heather Nesemeier and seconded by Ryan Nelson.
   For 7: Ryan Nelson, Nicole Mattson, Heather Nesemeier, Emily Moore, Deb White, Lisa Borgen, Sebastian McDougall
   Against 0: None
   Abstain/Recuse 0: None
   Motion Passed

5. Recognitions/Presentations

   A. The Loop Donor Recognition: Moorhead Vikingland Kiwanis

   Governmental Affairs Director Lisa Bode recognized the Moorhead Vikingland Kiwanis for its donation to the Community Center Library.

6. Approve Minutes

   A. December 8, 2025 Meeting Minutes

   Motion to Approve made by Lisa Borgen and seconded by Sebastian McDougall.
   For 7: Ryan Nelson, Nicole Mattson, Heather Nesemeier, Emily Moore, Deb White, Lisa Borgen, Sebastian McDougall
   Against 0: None
   Abstain/Recuse 0: None
   Motion Passed

7. Citizens Addressing the Council (Time Reserved: 15 Minutes)

8. Mayor and Council Appointments

   A. Resolution to Approve Appointment of Mayor Pro Tem and Mayoral Appointments to Committees, Boards and Commissions

   Council member White shared her thoughts on the Mayor Pro-Tem selected by Mayor Carlson. Discussion took place. Attorney Shockley clarified the appointment to the position of Mayor Pro-Tem is not a recommendation to be voted on by the City Council, but rather an appointment by the Mayor per City Charter.

Motion to Amend the resolution with the removal of the "appointment of Mayor Pro Tem and" along with the first "whereas" made by Heather Nesemeier and seconded by Sebastian McDougall.
For 7: Ryan Nelson, Heather Nesemeier, Emily Moore, Lisa Borgen, Sebastian McDougall, Nicole Mattson, Deb White
Against 0: None
Abstain/Recuse 0: None
Motion Passed

Motion to Approve amended resolution made by Lisa Borgen and seconded by Ryan Nelson.
For 5: Ryan Nelson, Heather Nesemeier, Emily Moore, Lisa Borgen, Sebastian McDougall
Against 2: Nicole Mattson, Deb White
Abstain/Recuse 0: None
Motion Failed

Motion to Approve Mayoral Appointments to the contractually required boards and committees to include: Metro Flood Diversion Authority Board, Metro Flood Diversion Authority - Planning Committee, Moorhead Clay County Joint Powers Authority Board, Red River Dispatch Authority Board and Board of Appeals and Equalization made by Heather Nesemeier and seconded by none.
Motion Failed due to lack of a second

Mayor Carlson removed her appointment of Council member Borgen to serve as Mayor Pro-Tem and stated Council member Hendrickson is selected.

Motion to Approve amended Resolution made by Heather Nesemeier and seconded by Deb White.
For 7: Ryan Nelson, Heather Nesemeier, Emily Moore, Lisa Borgen, Sebastian McDougall, Nicole Mattson, Deb White
Against 0: None
Abstain/Recuse 0: None
Motion Passed

B. *Resolution to Approve Council Member Appointments to Committees, Boards, and Commissions

C. *Resolution for Appointments to Boards and Committees

9. Public Hearings (5:45 pm)

10. Community Development Department

A. *Second Reading of Ordinance 2025-10: An Ordinance to Amend and Reenact various chapters within Title 9: Building Regulations of the Moorhead Municipal Code

B. *Resolution to Approve Title and Summary for Ordinance 2025-10

C. *Resolution to Approve Budget Adjustment #26-003 and Related Agreement with the State of MN - Department of Labor and Industry

D. *Resolution to Approve Various Easements with Moorhead Public Service

11. Economic Development

   A. *Resolution to Approve Independent Contractor Agreement with Downtown Moorhead Inc. for Economic Development Services

12. Engineering Department

   A. Resolution to Approve an Agreement with the City of Fargo for the 12th / 15th Ave N Bridge Replacement Project

      City Engineer Tom Trowbridge presented information on the 12th/15th Ave N Bridge replacement study and design project. The proposed resolution approves a cost sharing agreement.

   B. *Resolution to Receive Report, Order Plans, and Call for a Public Hearing Related to Partridge Creek Addition Street & Utility Improvements, Stormwater Pond and 28th St S Improvements (Eng. No. 25-A6-03)

13. Fire Department

   A. *Resolution to Accept Grant Award for 2024-2025 Hazardous Materials Emergency Preparedness (HMEP) Grant Program (Budget Adjustment #25-039)

14. Moorhead Public Service

15. Parks and Recreation Department

16. Police Department

17. Public Works

18. Administration

   A. *Resolution to Approve Master Services Agreement for Asset Management Services with Novotx LLC

   B. *Resolution to Approve Agreement for Federal Governmental Relations Services

   C. *Resolution to Approve Amendment to the Employment Agreement between the City of Moorhead and City Manager

   D. *Resolution to Designate Official Depositories, Signers and Authority to make Electronic Funds Transfers

   E. *Resolution to Designate the Official Newspaper and Website of the City of Moorhead

   F. *Resolution to Affirm 2026 City Council Meeting Dates

19. Mayor and Council Reports

      Council member Nesemeier shared information on the Moorhead Public Housing Agency audit. CM Nesemeier invited the public to attend upcoming Cass Clay Food Commission and Solid Waste Advisory Committee meetings.

      Council member White invited City Council members to register for the 2026 Clay County Inter-Governmental Retreat on January 30. CM White shared appreciation for Derrick LaPoint for his outstanding work in Moorhead.

Council Member Borgen expressed appreciation to Mayor Carlson, Matt Leiseth, and Communications team for their participation in this year's State of the Cities event.

Mayor Carlson stated she is now Vice Chair of the Metro Flood Diversion Board and mentioned the State of the Cities event. Mayor Carlson provided a summary of the December 8 performance conversation with City Manager Mahli and the City Council.

20. City Manager Reports

21. Executive Session

22. New Business

23. Adjourn

Meeting adjourned at 06:37 PM.

APPROVED BY: ATTEST:

_______________________________ _______________________________

Michelle (Shelly) A. Carlson
Mayor

Christina Rust
City Clerk

The proceedings of this meeting are digitally recorded and are available for public review.

RESOLUTION

Resolution for Appointments to Boards and Committees

BE IT RESOLVED by the City Council of the City of Moorhead, Minnesota that the City council does hereby approve the following committee appointments:

Art & Culture Commission

- Carrie Rogers, Moorhead resident, is appointed to a term commencing February 1, 2026 and ending January 31, 2029. (Ward 1)

Public Service Commission

- Steve Lindaas, Moorhead resident, is appointed to a term commencing February 1, 2026 and ending January 31, 2029. (Ward 2)

PASSED: January 26, 2026 by the City Council of the City of Moorhead.

APPROVED BY:	ATTEST:
______________________________	______________________________
Michelle (Shelly) A. Carlson, Mayor	Christina Rust, City Clerk

City Council Communication

January 26, 2026

SUBJECT:
Resolution to Approve Minor Subdivision – Parcel 21.042.0400

RECOMMENDATION:
The Mayor and City Council are asked to consider a resolution to approve a minor subdivision of Clay County Parcel 21.042.0400.

BACKGROUND/KEY POINTS:
The City of Moorhead has requested to subdivide the above parcel into two parcels. The City has subdivision control over Clay County parcels within approximately 2 miles of city limits.

Once this river shore parcel is divided, the City will purchase Parcel 1 in preparation for the construction of a pedestrian bridge and path at Bluestem Amphitheater. The proposal is consistent with Title 11, Chapter 3 of the Moorhead City Code.

FINANCIAL CONSIDERATIONS:
Not Applicable

Voting Requirements: Majority of Council

Submitted By:
Dan Mahli, City Manager
Robin Huston, City Planner / Zoning Administrator
Forrest Steinhoff, Assistant City Planner

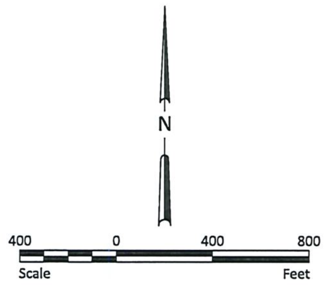
Attachments: General Location Map
Minor Subdivision Plan
Draft Resolution

Minor Subdivision
General Location Map
21.042.0400

Existing Parcel

New Parcels

CERTIFICATE OF SURVEY



FOUND IRON MONUMENT ●

IRON MONUMENT AND WITNESS POST TO BE SET ○

MEASURED BEARING N88°06'54"E

MEASURED DISTANCE 151.04'

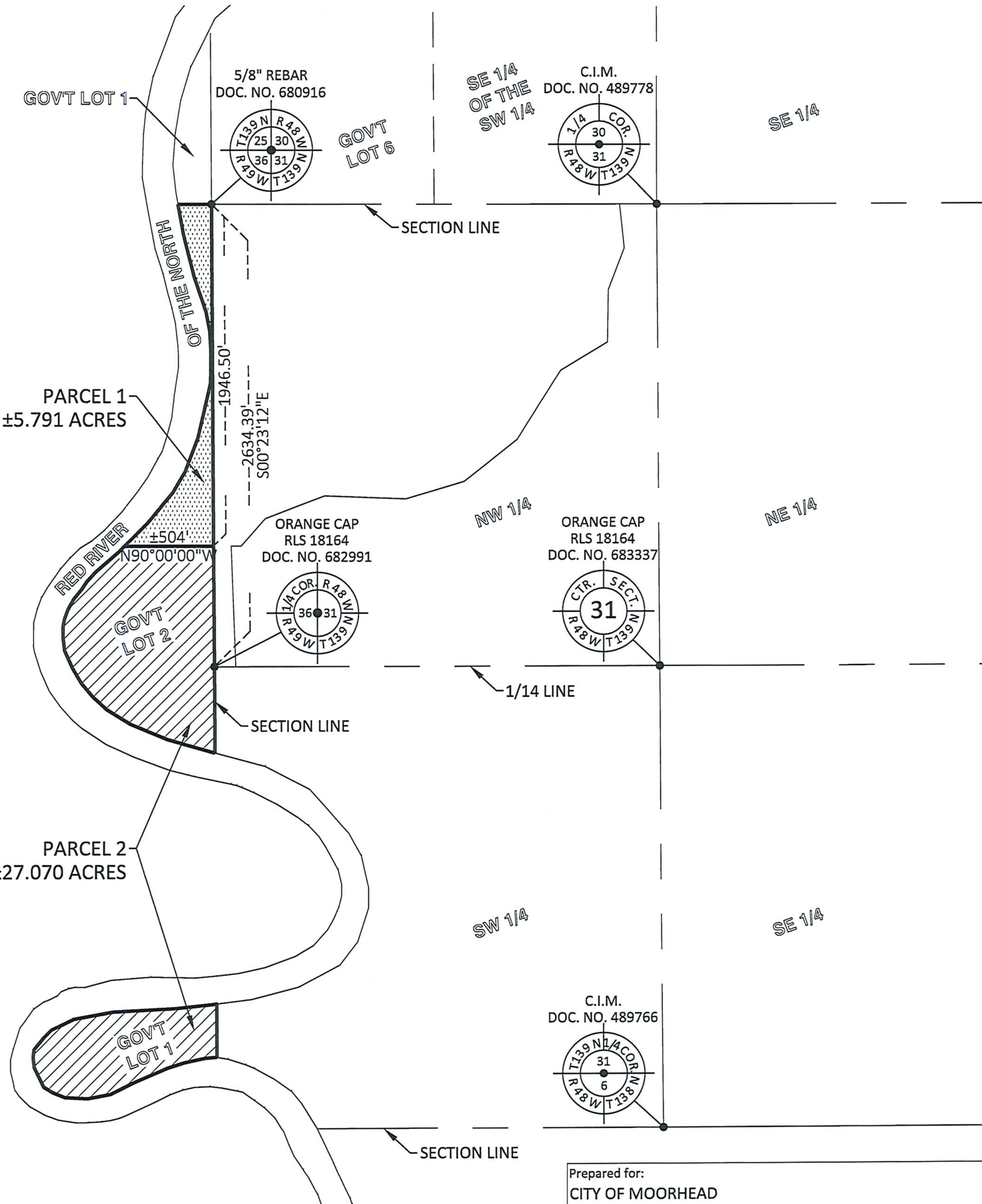
PURCHASE PARCEL

MEASURED BEARINGS SHOWN ARE BASED ON THE CLAY COUNTY COORDINATE SYSTEM.

MEASURED DISTANCES SHOWN ARE GROUND DISTANCES IN TERMS OF U.S. SURVEY FEET.

I hereby certify that this survey, plan, or report was prepared by me or under my direct supervision, and that I am a duly Licensed Land Surveyor under the laws of the State of Minnesota.

James A. Schlieman Date 1/9/26
MN. Lic. No. 44867



HOUSTON ENGINEERING INC.	Fargo P: 701.237.5065 F: 701.237.5101	Prepared for: CITY OF MOORHEAD CLAY COUNTY, MINNESOTA	
		Drawn by: DSB	Project No. 6019-0141	Date 1-9-26
		Checked by: JAS	Scale: AS SHOWN	Sheet 1 of 2

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CERTIFICATE OF SURVEY

Description - Parcel 1:

That part of Government Lot 2, Section 36, Township 139 North, Range 49 West of the Fifth Principal Meridian, City of Moorhead, Clay County, Minnesota, lying northerly of the following described line:

> Commencing at the northeast corner of said Government Lot 2; thence South 00°23'12" East, along the easterly line of said Government Lot 2, for a distance of 1946.50 feet to the true point of beginning of the line to be described; thence North 90°00'00" West for a distance of 504 feet, more or less, to the ordinary low water line along the easterly bank of the Red River of the North, said line there terminating.

Said tract contains 5.791 acres, more or less, and is subject to easements as may be of record.

Description - Parcel 2:

Government Lot 1, Section 36, Township 139 North, Range 49 West of the Fifth Principal Meridian, City of Moorhead, Clay County, Minnesota.

Together with

Government Lot 2, Section 36, Township 139 North, Range 49 West of the Fifth Principal Meridian, City of Moorhead, Clay County, Minnesota, excepting therefrom that part lying northerly of the following described line:

> Commencing at the northeast corner of said Government Lot 2; thence South 00°23'12" East, along the easterly line of said Government Lot 2, for a distance of 1946.50 feet to the true point of beginning of the line to be described; thence North 90°00'00" West for a distance of 504 feet, more or less, to the ordinary low water line along the easterly bank of the Red River of the North, said line there terminating.

Said tract contains 27.070 acres, more or less, and is subject to easements as may be of record.

I hereby certify that this survey, plan, or report was prepared by me or under my direct supervision, and that I am a duly Licensed Land Surveyor under the laws of the State of Minnesota.

1/9/26

James A. Schlieman
MN. Lic. No. 44867

Date

H:\JBN\6000\6019\6019_0141\CAD\6019-0141 Certificate of Survey.dwg-SHEET 2-1/9/2026 1:40 PM-(dbuchholtz)

HOUSTON ENGINEERING INC.	Fargo P: 701.237.5065 F: 701.237.5101	Prepared for: CITY OF MOORHEAD CLAY COUNTY, MINNESOTA		
		Drawn by: DSB	Project No. 6019-0141	Date 1-9-26
		Checked by: JAS	Scale: AS SHOWN	Sheet 2 of 2

RESOLUTION

Resolution to Approve Minor Subdivision – Parcel 21.042.0400

WHEREAS, the City of Moorhead has requested a minor subdivision of Parcel 21.042.0400, legally described as:

<u>Parcel 1</u>
That part of Government Lot 2, Section 36, Township 139 North, Range 49 West of the Fifth Principal Meridian, City of Moorhead, Clay County, Minnesota, lying northerly of the following described line:

> Commencing at the northeast corner of said Government Lot 2; thence South 00°23'12" East, along the easterly line of said Government Lot 2, for a distance of 1946.50 feet to the true point of beginning of the line to be described; thence North 90°00'00" West for a distance of 504 feet, more or less, to the ordinary low water line along the easterly bank of the Red River of the North, said line there terminating. Said tract contains 5.791 acres, more or less, and is subject to easements as may be of record.

<u>Parcel 2</u>
Government Lot 1, Section 36, Township 139 North, Range 49 West of the Fifth Principal Meridian, City of Moorhead, Clay County, Minnesota.

Together with

Government Lot 2, Section 36, Township 139 North, Range 49 West of the Fifth Principal Meridian, City of Moorhead, Clay County, Minnesota, excepting therefrom that part lying northerly of the following described line:

> Commencing at the northeast corner of said Government Lot 2; thence South 00°23'12" East, along the easterly line of said Government Lot 2, for a distance of 1946.50 feet to the true point of beginning of the line to be described; thence North 90°00'00" West for a distance of 504 feet, more or less, to the ordinary low water line along the easterly bank of the Red River of the North, said line there terminating. Said tract contains 27.070 acres, more or less, and is subject to easements as may be of record; and

WHEREAS, the City Council of the City of Moorhead finds the minor subdivision consistent with Title 11, Chapter 3 of Moorhead City Code.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Moorhead, Minnesota that the minor subdivision described above is hereby approved contingent upon the following conditions:

1. Applicant/owner to receive all federal, state and local permits.

PASSED: January 26, 2026 by the City Council of the City of Moorhead.

APPROVED BY: ATTEST:

______________________________ ______________________________
Michelle (Shelly) A. Carlson, Mayor Christina Rust, City Clerk

City Council Communication

January 26, 2026

SUBJECT:
Resolution to Approve Amendment #2 to Task Order 24-12 for the Bluestem Pedestrian Bridge Project (Eng. No. 22-13-04)

RECOMMENDATION:
The Mayor and City Council are asked to consider a resolution to approve Amendment #2 to Task Order 24-12 for the Bluestem Pedestrian Bridge Project.

BACKGROUND/KEY POINTS:
On May 9, 2022, the City Council approved a cost-sharing agreement with the City of Fargo for design and construction of the Bluestem Pedestrian Bridge. The City Council also approved Task Order 24-12 with Houston Engineering, Inc. for preliminary design. On July 28, 2025, the City Council approved Amendment #1 to Task Order 24-12 for final design services.

To complete final design, Amendment #2 is proposed to modify the scope of work to complete additional geotechnical investigation for foundation design, survey and legal descriptions for temporary easements and property acquisition, structural and geotechnical analysis to respond to MnDOT reviews, trail lighting design, and trail realignment design.

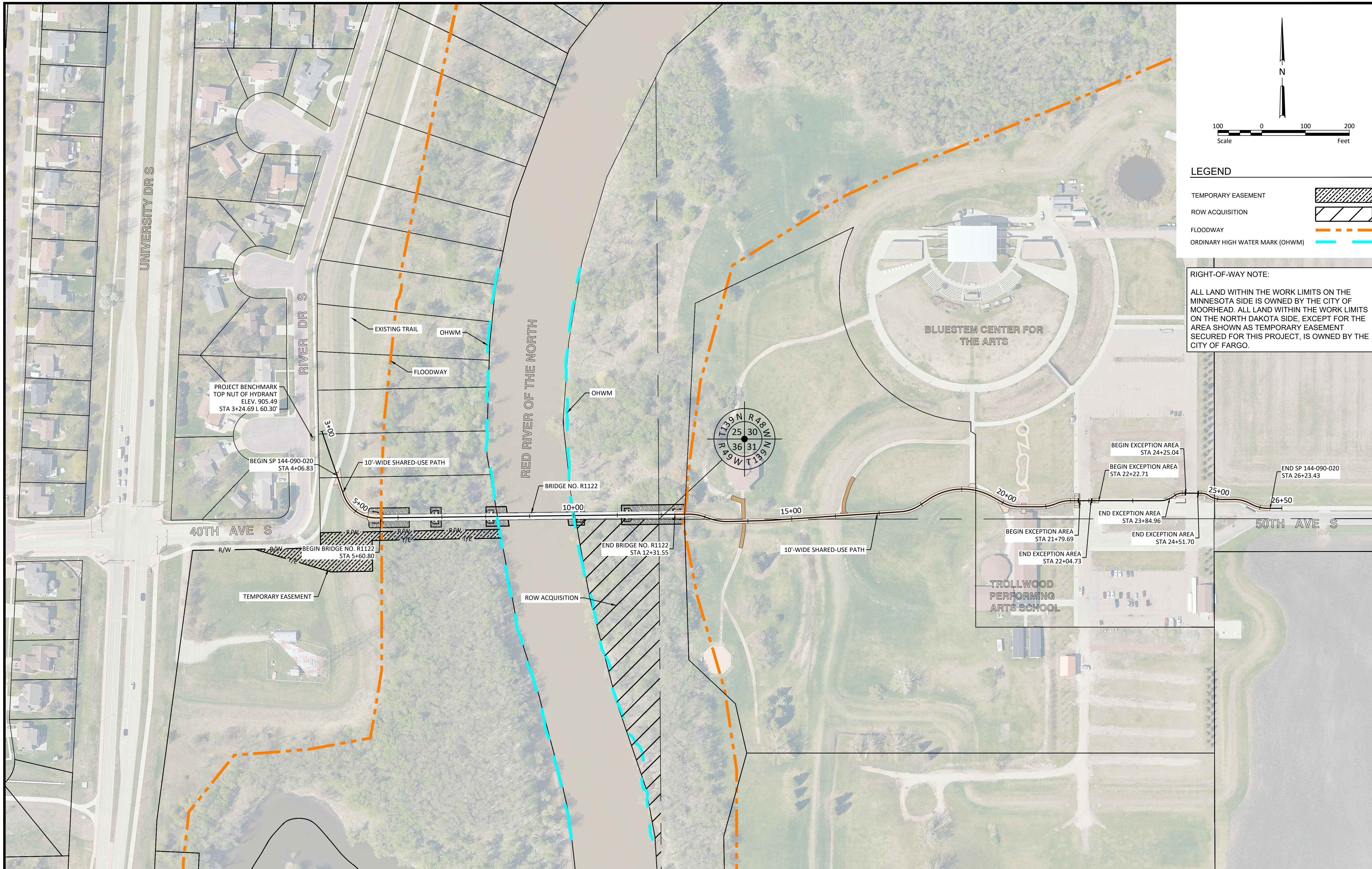
Staff recommends approval of the task order amendment.

FINANCIAL CONSIDERATIONS:
This project is included in the 2026-2030 Capital Improvement Plan and will be funded with a combination of Federal and local funds. The total cost for the proposed amendment is $70,000. Per the cost-sharing agreement, the City of Fargo will pay one-half of the cost.

Voting Requirements: 3/4 of Council (6)

Submitted By:
Dan Mahli, City Manager
Robert A Zimmerman, engineering Director

Attachments: Location Map



CERTIFIED BY ______________________
PROFESSIONAL ENGINEER
LICENSE NO. 45726 DATE __________ 20___

TITLE:
OVERALL PLAN
S. P. 144 - 090 - 020

DES: BKW	DR: TJO	APPROVED:	Bridge No.
CHK: MPL	CHK: MPL		**R1122**

Sheet No. 4 of 45 Sheets

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RESOLUTION

Resolution to Approve Amendment #2 to Task Order 24-12 for the Bluestem Pedestrian Bridge Project (Eng. No. 22-13-04)

WHEREAS, on May 9, 2022, the City Council approved a cost-sharing agreement with the City of Fargo for design and construction of the Bluestem Pedestrian Bridge and Task Order 24-12 with Houston Engineering, Inc. for preliminary design; and

WHEREAS, on July 28, 2025, the City Council approved Amendment #1 to Task Order 24-12 for final design services; and

WHEREAS, Amendment #2 is proposed to modify the scope of work to include additional services to complete final design; and

WHEREAS, the project is included in the 2026-2030 Capital Improvement Plan; and

WHEREAS, the estimated cost for Amendment #2 is $70,000 and will be split between the City of Moorhead and the City of Fargo pursuant to the cost-sharing agreement.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Moorhead, Minnesota that Amendment #2 to Task Order 24-12 is hereby approved.

BE IT FURTHER RESOLVED that the City Engineer is authorized to execute future task order amendments, within the scope of the project budget, to complete the project.

PASSED: January 26, 2026 by the City Council of the City of Moorhead.

APPROVED BY:	ATTEST:
______________________________	______________________________
Michelle (Shelly) A. Carlson, Mayor	Christina Rust, City Clerk

City Council Communication

January 26, 2026

SUBJECT:
Resolution to Approve Change Order #1 for the Citywide Striping Project (Eng. No. 25-13-01)

RECOMMENDATION:
The Mayor and City Council are asked to consider a resolution to approve Change Order #1 for the Citywide Striping Project.

BACKGROUND/KEY POINTS:
On April 14, 2025, the City Council awarded the contract for the 2025 Citywide Striping Project to Sir Lines-a-Lot in the amount of $300,591.00.

During construction, the City responded to requests from residents for striping improvements to enhance public safety on 20th St S at 30th St S and from the I-94 Bridge to 24th Ave S, 12th Ave S from SE Main Ave to 34th St, and various other pedestrian crossings along Village Green Blvd. Staff was able to accomplish the work via change order under the original contract.

FINANCIAL CONSIDERATIONS:
The cost of work to address the additional street striping requests from the public added $146,445.50 to the contract. The revised final contract amount is $447,036.50.

The 2025 budget included $373,385.00 for this project. The change order will be funded with the balance of the budgeted project funds ($72,794.00) and other funds ($73,651.50) available within the approved 2025 Engineering budget.

Voting Requirements: 3/4 of Council (6)

Submitted By:
Dan Mahli, City Manager
Tom Trowbridge, City Engineer

Attachments: None

RESOLUTION

Resolution to Approve Change Order #1 for Citywide Striping Project (Eng. No. 25-13-01)

WHEREAS, on April 14, 2025, the City Council awarded the bid for 2025 Citywide Striping Project (Eng. No. 25-13-01) to Sir Lines-a-Lot in the amount of $300,591.00; and

WHEREAS, Change Order #1, in the amount of $146,445.50, is required for the completion of the project; and

WHEREAS, the cost for Change Order #1 will be paid with funds available in the 2025 Engineering budget.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Moorhead, Minnesota that the aforementioned Change Order # 1 is hereby approved.

PASSED: January 26, 2026 by the City Council of the City of Moorhead.

APPROVED BY:

____
Michelle (Shelly) A. Carlson, Mayor

ATTEST:

____
Christina Rust, City Clerk

City Council Communication

January 26, 2026

SUBJECT:
Resolution to Award Bid for 2026 Water Distribution Pipe and Fittings

RECOMMENDATION:
The Moorhead Public Service Commission respectfully requests the Mayor and City Council award the bid for 2026 Water Distribution Pipe and Fittings to Dakota Supply Group in the amount of $268,307.17.

BACKGROUND/KEY POINTS:
Moorhead Public Service (MPS) is projected to replace approximately 7,200 feet (1.36 miles) of cast iron (CI) watermain in 2026. MPS' water distribution crew will be completing three projects (60 percent of the footage), and the remaining projects (40 percent of the footage) will be contracted out. A significant amount of water distribution pipe and fittings will be needed in order to complete maintenance and repair projects on watermains, services, hydrants, and valves throughout the 2026 construction season.

Bids were opened on January 7, 2026, and MPS received three qualified bids. Staff recommends awarding the bid to Dakota Supply Group in the amount of $268,307.17, as shown on the attached Bid Tabulation Sheet. Staff estimated the cost to be $275,000.00 for 2026 Water Distribution Pipe and Fittings.

FINANCIAL CONSIDERATIONS:
Although there is no cost to the City of Moorhead (directly), the total cost to the Moorhead Public Service Commission for 2026 Water Distribution Pipe and Fittings is $268,307.17.

Voting Requirements: Majority of Council

Submitted By:
Dan Mahli, City Manager
Travis L. Schmidt, General Manager
Jake Long, Water Distribution Manager

Attachments: Bid Tabulation Sheet

Bid Tabulation Sheet for
2026 Water Distribution Pipe and Fittings

January 7, 2026, at 2:00 PM
MPS Dispatch Operations Center, 2nd Floor Conference Room

BIDDER'S NAME	CHECK OR BID BOND	ADDENDUM #1	**BID ITEM #1:** Water Distribution Pipe and Fittings TOTAL PRICE
Core and Main Supply	Bid Bond	Yes	$281,347.87
Dakota Supply Group	Bid Bond	Yes	$268,307.17
Ferguson Waterworks	Bid Bond	Yes	$276,641.85

RESOLUTION

Resolution to Award Bid for 2026 Water Distribution Pipe and Fittings

WHEREAS, on January 7, 2026, bids were opened for 2026 Water Distribution Pipe and Fittings; and,

WHEREAS, Moorhead Public Service staff has evaluated the bids and submitted a Bid Tabulation Sheet with its recommendation.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Moorhead to award the bid for 2026 Water Distribution Pipe and Fittings to Dakota Supply Group in the amount of $268,307.17, as shown on the attached Bid Tabulation Sheet, as awarded by the Moorhead Public Service Commission on January 20, 2026.

PASSED: January 26, 2026 by the City Council of the City of Moorhead.

APPROVED BY:	ATTEST:
______________________________	______________________________
Michelle (Shelly) A. Carlson, Mayor	Christina Rust, City Clerk

City Council Communication

January 26, 2026

SUBJECT:
Resolution to Approve an Agreement with First Avenue Promotions for Screen Printing and Apparel Services

RECOMMENDATION:
The Mayor and City Council are asked to consider the approval of an Agreement with First Avenue Promotions for screen printing and apparel services.

BACKGROUND/KEY POINTS:
A Request for Quotes (RFQ) was released to local businesses on December 5, 2025, seeking a qualified vendor for screen printing and embroidery services for various departments within the City of Moorhead. The RFQ specifically included apparel for youth and adult t-shirts and jerseys for the Parks and Recreation Department, as well as a request for discounts on employee apparel & embroidered safety equipment across City Departments. In return, the City would provide exclusive screen printing and embroidery rights to the selected vendor.

Vendors were given a three-week window to submit their proposals, and four submissions were received. The vendors who submitted proposals were Personal Touch Marketing & Manufacturing Inc. (Personal Touch) of Moorhead, the current vendor; First Avenue Promotions of Moorhead; CI Apparel of Fargo (CI); and Bee Seen Gear of Fargo.

These proposals were carefully reviewed and evaluated based on the requirements outlined in the RFQ.

Staff is recommending changing the City's preferred clothing and apparel vendor to First Avenue Promotions of Moorhead as the prime vendor for embroidery and screen-printing apparel for Moorhead Parks and Recreation.

The City Attorney has drafted an Agreement between the City and First Avenue Promotions and Manufacturing Inc. for a three-year term with two (2) option years. The quotes remain consistent through the term of the agreement unless there was an impact from tariffs.

FINANCIAL CONSIDERATIONS:
A complete breakdown of the quoted pricing is available upon request

Voting Requirements: Majority of Council

Submitted By:
Dan Mahli, City Manager
Sean Brandenburg, Recreation Director

Attachment:

RESOLUTION

Resolution to Approve an Agreement with First Avenue Promotions for Screen Printing and Apparel Services

WHEREAS, the City of Moorhead issued a Request for Quotes (RFQ) on December 5, 2025, to local businesses seeking qualified vendors to provide screen printing and embroidery services for various City departments, including apparel for youth and adult programs within the Parks and Recreation Department; and

WHEREAS, the RFQ also requested pricing considerations for employee apparel and embroidered safety equipment across City departments, in exchange for granting exclusive screen printing and embroidery rights to the selected vendor; and

WHEREAS, four proposals were received from Personal Touch Marketing & Manufacturing Inc., First Avenue Promotions, CI Apparel, and Bee Seen Gear, and these proposals were reviewed and evaluated based on the requirements outlined in the RFQ; and

WHEREAS, City staff recommends selecting First Avenue Promotions of Moorhead as the City's preferred vendor for embroidery and screen-printing apparel for the Parks and Recreation

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Moorhead, Minnesota that the City enter into an agreement with First Avenue Promotions as the prime vendor for embroidery and screen-printing services for the City of Moorhead.

BE IT FURTHER RESOLVED by the City Council that the Mayor and the City Manager are authorized to execute the Agreement, any amendments to the Agreement, and other documents required to comply with the terms of the agreement as presented.

PASSED: January 26, 2026 by the City Council of the City of Moorhead.

APPROVED BY:	ATTEST:
______________________________	______________________________
Michelle (Shelly) A. Carlson, Mayor	Christina Rust, City Clerk

City Council Communication

January 26, 2026

SUBJECT:
Resolution to Approve 2026 "Boiler Plate" Agreement and the 2026 Athletic Use Guide for Routine Leasing of Facilities within the Parks and Recreation Department

RECOMMENDATION:
The Mayor and Council are asked to consider approving a resolution to allow the Parks and Recreation Department to use the City Attorney Approved 2026 “Boiler Plate” Facility Lease Agreements and the 2026 Athletic Use Guide to establish the terms and the use of City owned facilities.

BACKGROUND/KEY POINTS:
The local athletic association, whose mission is to provide recreational programing to Moorhead citizens, leases fields and facilities from the City of Moorhead for this activity. The City Attorney is recommending that the Moorhead City Council annually approve boiler plate lease agreements for long and short-term use, and the *2026 Athletic Facility Use Guide* identifying the detailed terms of use. This will streamline the process and provide consistency for the various groups.

The *2026 Athletic Facility Use Guide* includes terms and conditions for the use of facilities owned and operated by the City of Moorhead. It also includes the fees and charges for this use that were previously approved by the Parks Advisory Board and the Moorhead City Council during the budgeting process.

The athletic associations that the City routinely leases fields and facilities include:

- American Legion Baseball (Blues and Golds)
- Moorhead Baseball
- Tri-City United Youth Soccer
- Fusion Soccer Club
- Moorhead Crush Girls Softball
- FM Athletics Youth Football
- Moorhead Softball (Adult)
- Moorhead Lacrosse
- In addition to independent groups that may request use for a shorter term and can meet the criteria of leasing space from the City including providing insurance, etc.

Facilities that are covered by these leases include Centennial Athletic Complex, Matson Field, and Southside Regional Park.

The process for entering into these Agreements is that the documents be presented to the Moorhead City Council at one of the first meetings in January, on an annual basis for approval. After this is approved, Recreation staff then negotiate the agreements with the Lessees. If there are significant changes it is required that the Lease Agreement be brought back to City Council for approval. The City Attorney will review each lease agreement prior to Mayor and City Manager signing.

City Council Communication

January 26, 2026

FINANCIAL CONSIDERATIONS:
All fines, fees and charges in this document will have been previously approved by the Moorhead City Council at their regular meeting, as well as the Moorhead Parks Advisory Board.

Voting Requirements: Majority of Council

Submitted By:
Dan Mahli, City Manager
Sean Brandenburg, Recreation Director

Attachments:

RESOLUTION

Resolution to Approve 2026 "Boiler Plate" Agreement and the *2026 Athletic Use Guide* for Routine Leasing of Facilities within the Parks and Recreation Department

WHEREAS, the City of Moorhead owns and operates athletic fields and facilities to be used to provide recreation opportunities for the citizens of Moorhead; and

WHEREAS, local athletic associations / groups lease City of Moorhead owned facilities to provide these recreation opportunities and events; and

WHEREAS, the City Attorney has advised that to streamline the approval process for Facility Use Agreements with these associations / groups that the Moorhead City Council approve a “Boiler Plate” Lease Agreement and the *2026 Athletic Facility Use Guide* which identifies the details of use for all parties, and

WHEREAS, on an annual basis “Boiler Plate” Lease Agreements and the *Athletic Facility Use Guide* be reviewed and updated by the City Attorney to include the most recent City Council approved fee schedule, and any changes that may be necessary.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Moorhead, Minnesota the “Boiler Plate” Lease Agreements and the *2026 Athletic Facility Use Guide* be approved for use by the Parks and Recreation Department to lease City owned Facilities.

PASSED: January 26, 2026 by the City Council of the City of Moorhead.

APPROVED BY: ATTEST:

____
Michelle (Shelly) A. Carlson, Mayor

____
Christina Rust, City Clerk

City Council Communication

January 26, 2026

SUBJECT:
Resolution to Authorize Budget Adjustment #26-004 to Transfer Funds to Support the Purchase of Targeted Technology Equipment

RECOMMENDATION:
The Mayor and City Council are asked to consider resolution to authorize the use of state asset forfeiture funds for targeted technology purchases supporting administrative and investigative effectiveness along with special events safety, not to exceed in total $15,700 for the following purchases:

- $1,200 — Enhanced camera lens for the Public Safety Communications Specialist
- $7,700 — iPads for sergeants and detectives
- $1,100 — GPS tracking equipment for surveillance operations
- $1,000 — Drone detection device for deployment during special events
- $4,700 --- Gas masks for patrol officers.

BACKGROUND/KEY POINTS:
The following equipment purchases are proposed to enhance operational efficiency, officer safety, and community engagement. Each item addresses a specific need within the department and supports our commitment to professional service and preparedness.

Enhanced Camera Lens – $1,200
An upgraded lens will allow the Public Safety Communications Specialist to capture high-quality photos for department communications, social media, and community engagement. Clear, professional imagery enhances transparency, improves public outreach, and supports positive community relations.

iPads for Sergeants and Detectives – $7,700
iPads provide a cost-effective alternative to laptops for supervisors and detectives. They enable efficient notetaking, quick access to digital forms, and other essential tasks in the field. This mobility improves productivity and reduces equipment costs while maintaining secure access to necessary systems.

Updated GPS Tracking Equipment – $1,100
GPS trackers provide precise, policy-compliant location monitoring during lawful surveillance operations. They enhance officer safety and investigative effectiveness by reducing the need for prolonged physical observation, minimizing risk, and ensuring accurate data collection for court proceedings.

Drone Detection Device – $1,000
Special events present unique security challenges, including unauthorized drone activity. A detection device helps identify and mitigate UAV threats, protecting crowds and critical infrastructure. This technology supports proactive risk management and aligns best practices for event safety.

City Council Communication

January 26, 2026

Gas Masks for Patrol Officers – $4,700
This purchase will provide six additional gas masks to supplement the department's existing inventory for newer patrol officers. All current patrol officers are equipped with gas masks to ensure protection during exposure to chemical irritants, smoke, or hazardous substances in emergencies such as civil disturbances, fires, or hazardous material incidents. Adding these units maintains safety standards and operational readiness for the entire patrol division

FINANCIAL CONSIDERATIONS:
Funding source: State asset forfeiture/equitable sharing funds (non-General Fund). Request total: $15,700 (no tax levy impact). Budget adjustment: Approval is requested to amend the Police Department's operational budget to reflect the use of asset forfeiture funds for these purchases. Procurement: Purchases will follow City procurement procedures. Ongoing costs: Annual renewal of approximately $498 for GPS tracking alert subscription; future costs will be managed within approved operational budgets.

Budget Adjustment #26-004

Fund Name	Account Description	Expenditure	Funding Source
100-421-10-39999	State Seized Funds		15,700
100-421-10-42400	Small Tools & Minor Equipment	1,200	
100-421-21-42400	Small Tools & Minor Equipment	6,100	
100-421-23-42400	Small Tools & Minor Equipment	8,400	
	Total	15,700	15,700

Voting Requirements: 3/4 of Council (6)

Submitted By:
Dan Mahli, City Manager
Chris Helmick, Police Chief

Attachments: N/A

RESOLUTION

Resolution to Approve Budget Adjustment #26-004 to Transfer of Funds to Support the Purchase of Targeted Technology Equipment

WHEREAS, the Moorhead Police Department's requests transfer, not to exceed in total $15,700, from the State Asset Forfeiture Fund for targeted technology purchases supporting administrative and investigative effectiveness, along with special events safety.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Moorhead approves Budget Adjustment #26-004 transferring $15,700 from the State Asset Forfeiture Fund..

PASSED: January 26, 2026, by the City Council of the City of Moorhead.

APPROVED BY:	ATTEST:
______________________	______________________
Michelle (Shelly) A. Carlson, Mayor	Christina Rust, City Clerk

City Council Communication

January 26, 2026

SUBJECT:
Resolution authorizing the lease, continuing disclosure undertaking, related bond documents and requesting the Moorhead Economic Development Authority to issue the Series 2026A Bonds

RECOMMENDATION:
The Mayor and City Council are asked to consider a resolution to authorize a lease, continuing disclosure undertaking, related bond documents and request the Moorhead Economic Development Authority to proceed with the sale of the following bond: $ 25,465,000 Lease Revenue Bonds, Series 2026A (City of Moorhead, Minnesota Lease Obligation) (the "Bonds").

BACKGROUND/KEY POINTS:
The Moorhead Economic Development Authority and the City of Moorhead have under consideration the issuance of Bonds to (i) finance renovations to the existing city hall building and (ii) pay costs of the issuance on the Bonds.

The Bonds are being issued pursuant to Minnesota Statutes, Sections 465.71, 469.041 and Sections 469.090 through 469.1082 and Chapter 475; a Trust Indenture (the “Indenture”) by and between the Authority and U.S. Bank National Association, St. Paul, Minnesota (the “Trustee”); a Lease-Purchase Agreement by and between the Authority and the City (the “Lease”); a Sublease by and between the City and Moorhead Public Services (“MPS”); a Bond resolution to be adopted by the Authority (the “Authority Resolution”) on February 2, 2026; and a resolution to be adopted by the City (the “City Resolution”) on January 26, 2026.

As part of the Parameters Resolution to be adopted by the EDA on February 2, 2026, the authority to award the sale of the Bonds has been delegated to a Pricing Committee, subject to the following parameters: (i) the principal amount may not exceed $27,000,000, plus any premium, (ii) the true interest cost (TIC) may not exceed 5.50% and (iii) the final maturity date of the Bonds is not later than February 1, 2046. The Pricing Committee is the President of the Moorhead Economic Development Authority Board, the City Manager, and the Assistant City Manager.

FINANCIAL CONSIDERATIONS:
The Bonds will be special, limited obligations of the Authority payable from rental payments to be received by the Authority from the City pursuant to the Lease. The City’s obligation under the Lease is subject to annual appropriation.

Pursuant to the Sub lease, Moorhead Public Services is obligated to annually pay the City $250,000 over 20 years ($5,000,000 total) starting in 2027.

The City will levy taxes to make the lease payments. The City will make their first levy in 2026 for collection in 2027. The February 1, 2027, interest payment net of MPS’s payment will be paid with cash on hand by the City.

Voting Requirements: 3/4 of Council (6)

City Council Communication

January 26, 2026

Submitted By:
Dan Mahli, City Manager
Jenica Flanagan, Finance Director

Attachments:

EXTRACT OF MINUTES OF A MEETING OF THE
CITY COUNCIL OF THE CITY OF
MOORHEAD, MINNESOTA

HELD: January 26, 2026

Pursuant to due call and notice thereof, a special meeting of the City Council of the City of Moorhead, Clay County, Minnesota, was duly called and held at the City Hall in said City on Monday, the 26th day of January, 2026, at 5:30 p.m., for the purpose of authorizing the execution and delivery of a Lease Purchase Agreement and Continuing Disclosure Undertaking.

The following members were present: ____ and the following were absent: _____________.

Member _____________ introduced the following resolution and moved its adoption:

CITY COUNCIL AUTHORIZATION
RESOLUTION

WHEREAS, the City of Moorhead, Minnesota (the "City"), is authorized, pursuant to Minnesota Statutes, Section 465.71, to enter into lease purchase agreements; and

WHEREAS, the Moorhead Economic Development Authority, a body corporate and politic (the "Authority") has agreed to enter into a Lease-Purchase Agreement dated as of April 1, 2026 (the "Lease") with the City pursuant to which the Authority will provide for the acquisition and construction of a City Hall (the "Project") upon Clay County Parcel #581990150 (the "Land") to be used by the City; and

WHEREAS, in order to carry out the transaction, (1) the Authority will lease the Land and the Project to the City pursuant to the Lease, and the Authority will issue its Lease Revenue Bonds, Series 2026A (City of Moorhead, Minnesota Lease Obligation) (the "Bonds") to provide funds to finance the Project pursuant to an Indenture of Trust dated as of April 1, 2026 (the "Indenture") between the Authority and U.S. Bank National Association, as Trustee, setting forth the form and details of the Bonds and their issuance and pledging the rental payments derived from the Lease to the payment of the Bonds; and

WHEREAS, the City is an obligated person under the provisions of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934, as amended, and is therefore subject to continuing disclosure requirements under the Rule and accordingly, the City will enter into a Continuing Disclosure Undertaking (the "Continuing Disclosure Undertaking") relating to the Bonds.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Moorhead, Minnesota, as follows:

1. Authorization of Documents Presented. The Authority proposes to issue its Bonds payable from rental payments to be made by the City under the Lease. The Bonds shall bear interest at the rates as are prescribed by the Indenture. Forms of the following documents (collectively, the "Bond Documents") relating to the Bonds and the Project have been submitted to the City Council and are now on file in the office of the City Manager:

(a) the Lease; and

(b) the Continuing Disclosure Undertaking.

2. Authority Authorization. The City Council hereby requests that the Authority authorize and issue the Bonds in one or more tax-exempt series, in a principal amount not to exceed $27,000,000, plus any premium, and a true interest cost (TIC) not to exceed 5.50% per annum, and a final maturity date of the Bonds of no later than February 1, 2046, for the purpose of financing the Project.

3. Approval and Execution of Bond Documents. The Mayor and the City Manager are hereby authorized and directed to execute, and deliver, on behalf of the City, the Bond Documents in substantially the forms on file with the City Manager. All of the provisions of the Bond Documents when executed and delivered as authorized herein shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated herein and shall be in full force and effect from the date of execution and delivery thereof.

4. Approval of Indenture. The City hereby approves the Indenture and the Bonds described therein (collectively, the "Related Documents") in substantially the forms submitted to the City.

5. Authorized City Representative. The City Manager is hereby designated and authorized to act on behalf of the City as the City Representative, as defined in the Indenture.

6. Furnishing of Certificates and Proceedings. The Mayor and City Administrator and other officers of the City are authorized and directed to prepare and furnish to the purchaser of the Bonds and Bond Counsel, certified copies of all proceedings and records of the City relating to the Bonds, and such other affidavits and certificates as may be required to show the facts relating to the legality of the Bonds as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the City as to the truth of all statements contained therein.

7. Continuing Disclosure. The City is the sole obligated person with respect to the Bonds. The City hereby agrees, in accordance with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the

Securities Exchange Act of 1934, as amended, and a Continuing Disclosure Undertaking (the "Undertaking") hereinafter described to:

(a) Provide or cause to be provided to the Municipal Securities Rulemaking Board (the "MSRB") by filing at www.emma.msrb.org in accordance with the Rule, certain annual 170068467v1 3 financial information and operating data in accordance with the Undertaking. The City reserves the right to modify from time to time the terms of the Undertaking as provided therein.

(b) Provide or cause to be provided to the MSRB notice of the occurrence of certain events with respect to the Bonds in not more than ten (10) business days after the occurrence of the event, in accordance with the Undertaking.

(c) Provide or cause to be provided to the MSRB notice of a failure by the City to provide the annual financial information with respect to the City described in the Undertaking, in not more than ten (10) business days following such occurrence.

(d) The City agrees that its covenants, pursuant to the Rule set forth in this paragraph and in the Undertaking, are intended to be for the benefit of the Holders of the Bonds and shall be enforceable on behalf of such Holders; provided that the right to enforce the provisions of these covenants shall be limited to a right to obtain specific enforcement of the City's obligations under the covenants.

The Mayor and City Manager of the City, or any other officer of the City authorized to act in their place (the "Officers") are hereby authorized and directed to execute on behalf of the City the Undertaking in substantially the form presented to the City Council subject to such modifications thereof or additions thereto as are (i) consistent with the requirements under the Rule, (ii) required by the Purchaser of the Bonds, and (iii) acceptable to the Officers.

8. Modifications to Documents. The approval hereby given to the various Bond Documents and Related 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 the City Attorney and the City officials authorized herein to execute said documents. Said City officials 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 City herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof. In the absence of the Mayor or City Manager, any of the documents authorized by this resolution to be executed on behalf of the City may be executed by the Acting Mayor or the Acting City Administrator, respectively.

9. Severability. If any section, paragraph or provision of this Authorizing Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

10. Repealer. All prior resolutions and other acts or proceedings of this City Council which are in any way inconsistent with the terms of this Resolution are hereby amended to the extent necessary to give full force and effect to this Authorizing Resolution. Nothing herein contained shall be deemed to modify, amend, violate, repudiate, or repeal any provision or covenant contained in the Bonds, or any resolution pursuant to which the Bonds have been issued and is outstanding, to the extent that a modification, amendment, violation, repudiation, or repealer would impair the obligation or contract owed to any holders of any of the Bonds or would otherwise be invalid or ineffective.

11. Headings. Headings in this resolution are included for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof.

12. Minnesota Law Applies. Except as expressly preempted by federal law, this Authorizing Resolution shall be controlled by the laws of the State of Minnesota, and as a result, any claim, demand, or cause of action arising under the terms of this Resolution shall be brought in an appropriate venue in the State of Minnesota.

13. Authentication of Transcript. The officers of the City are hereby authorized and directed to prepare and furnish to the Purchasers of the Bonds and to Bond Counsel certified copies of all proceedings and records relating to the Bonds to show the facts relating to the legality and marketability of the Bonds, as the same appear from the books and records in their custody and control or as otherwise know to them, and all such certified copies, affidavits and certificates, including any heretofore furnished, shall be deemed representations of the City as to the correctness of all statements therein.

14. Electronic Signatures. The electronic signature of a party or individual to the various Bond Documents, Related Documents, this Resolution and all other documents arising out of or relating to the Bond transaction shall be deemed as valid as an original signature of such party or individual and shall be effective to bind such party or individual. For purposes hereof: (i) “electronic signature” means a manually signed original signature that is then transmitted by electronic means; (ii) “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a portable document format (“pdf”), or other replicating image attached to an electronic mail or internet message; or (iii) a digital signature of an authorized representative of any party provided by AdobeSign or Docusign (or such other digital signature provider as specified by such party).

Passed by the Moorhead City Council this 26th day of January, 2026.

APPROVED BY:

____

Mayor

ATTEST:

____
City Clerk

The motion for the adoption of the foregoing resolution was duly seconded by Member ________________, and after a full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof: ____________________________________, and the following voted against the same: ___________________. The following were absent and not voting: _____________, whereupon said resolution was declared duly passed and adopted.

CERTIFICATE

STATE OF MINNESOTA)
)
COUNTY OF CLAY)

The undersigned duly appointed, qualified, and acting City Clerk of the City of Moorhead, Minnesota, hereby certifies that there is attached hereto a true and correct copy of the **CITY COUNCIL AUTHORIZATION RESOLUTION** which was adopted by the City Council of the City of Moorhead, Minnesota, on January 26, 2026, at a regular meeting of the City Council, which certified copy is an exact copy of the original on file in the office of the City Clerk.

Dated this ______ day of January 2026.

____
City Clerk

LEASE-PURCHASE AGREEMENT

BETWEEN

MOORHEAD ECONOMIC DEVELOPMENT AUTHORITY

as Lessor and

CITY OF MOORHEAD, MINNESOTA
as Lessee

Dated as of March 10, 2026

This Instrument Drafted By:
Ohnstad Twichell, PC
444 Sheyenne St.
West Fargo, ND 58078

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THIS LEASE-PURCHASE AGREEMENT (the "Lease") is dated as of March 10, 2026, and is between the Moorhead Economic Development Authority, a public body corporate and politic, as Lessor (the "Lessor") and City of Moorhead, Minnesota, a municipal corporation and political subdivision of the State of Minnesota, as Lessee (the "Lessee").

WITNESSETH:

WHEREAS, the Lessee is authorized by law to lease real and personal property as are needed to carry out its governmental functions; and

WHEREAS, Lessee has determined that it is necessary for it to lease from Lessor under this Lease certain real and personal property (the "Project") for purposes of financing the Project; and

WHEREAS, the Lessor is willing to finance the acquisition and betterment of the Project and to lease, or (in the case of the Land) sublease, the Project to Lessee, and the Lessee is willing to rent the same from Lessor, all pursuant to this Lease.

NOW, THEREFORE, in the joint and mutual exercise of their powers, and in consideration of the mutual covenants herein contained, the parties hereto recite and agree as follows:

ARTICLE I

DEFINITIONS AND EXHIBITS

Section 1.1. Definitions. Each term defined in the Indenture which is used but not otherwise defined herein shall have the same meaning in this Lease as is prescribed for that term in the Indenture. Unless the context otherwise clearly requires, the terms defined in this Section shall, for all purposes of this Lease, have the meanings herein specified.

Act: Collectively, the Lessor Powers Act and the Lessee Powers Act, as amended from time to time.

Additional Rental Payments: The same as defined in Section 5.3 hereof.

Bond Closing: The date the Bonds are issued and delivered to the original purchaser.

Bond Counsel: The firm of Ohnstad Twichell, P.C., West Fargo, North Dakota, or any other attorney or firm of attorneys nationally recognized as experienced in matters relating to the tax-exempt financing of projects within the City and acceptable to the Lessor and the Lessee.

Bond Fund: The Bond Fund created pursuant to Section 5.02 of the Indenture.

Bond Resolution: The resolution adopted by the Lessor's Board of Commissioners, its governing body, on February 2, 2026, authorizing the issuance and sale of the Series 2026A Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

Bonds: The Series 2026A Bonds.

Business Day: Any day other than a Saturday, Sunday, legal holiday or a day on which banking institutions in the city in which the principal corporate office of the Trustee is located are authorized by law or executive order to be closed.

City: The City of Moorhead, Minnesota.

Code: The Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder.

Completion Date: The date described in Section 3.5, evidencing completion of the Project.

Construction Fund: The Construction Fund created pursuant to Section 4.02 of the Indenture for the purpose of accounting for proceeds of the Bonds used to pay Project Costs.

Contractor: Any contractor from which Lessee has ordered or will order or with which Lessee has contracted or will contract for the acquisition, construction and installation of any portion of the Project.

County: County of Clay, Minnesota.

Date of Original Issuance: March 19, 2026.

Environmental Law: The Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. App. §1804 et seq., the Federal Water Pollution Control Act, 33 U.S.C. §1251 et seq., the Clean Water Act, 33 U.S.C. §1321 et seq. the Clean Air Act, 42 U.S.C. §7401 et seq., the Minnesota Environmental Response and Liability Act, Minnesota Statutes, Chapter 115B, the Minnesota Petroleum Tank Release Cleanup Act, Minnesota Statutes, Chapter 115C, and any other federal, state, county, municipal, local or other statute, law, ordinance or regulation which may relate to or deal with human health or the environment, all as may be from time to time amended.

Fiscal Year: The fiscal year of the Lessee, commencing January 1 of a given year and extending through December 31 of the same year.

Governmental Unit: A "governmental unit" within the meaning of Section 141 of the Code.

Hazardous Substances: Asbestos, urea-formaldehyde, polychlorinated biphenyls ("PCBs"), nuclear fuel or material, chemical waste, radioactive material, explosives, known carcinogens, petroleum products and by-products and other dangerous, toxic or hazardous pollutants, contaminants, chemicals, materials or substances listed or identified in, or regulated by, any Environmental Law.

Holder(s): The registered owner(s) of Bonds on the bond register maintained by the Trustee pursuant to the Indenture.

Independent Counsel: An attorney duly admitted to the practice of law before the highest court of the State who is not a full-time employee of Lessor or Lessee.

Independent Engineer: An engineer or engineering firm or an architect or architectural firm qualified to practice the profession of engineering or architecture under the laws of the State and who is not a full-time employee of Lessee or Lessor.

Indenture: The Indenture of Trust, dated as of March 10, 2026, between the Lessor and U.S. Bank Trust Company, National Association, St. Paul, Minnesota, as initial Trustee thereunder, pursuant to which the Series 2026A Bonds are issued.

Interest Payment Date: For the Series 2026A Bonds, each February 1 and August 1, commencing February 1, 2027.

Land: The real property leased to the Lessee under Lease and described in Exhibit A hereto.

Lessor: Moorhead Economic Development Authority, a public body corporate and politic of the State, its successors and assigns.

Lessor Powers Act: Minnesota Statutes, Sections 469.090 through 469.1082, as amended, and all powers granted to the Lessor therein.

Lease: This Lease Agreement and all amendments thereto.

Net Proceeds: Any property insurance proceeds or condemnation award paid with respect to the Project, net of the expenses incurred in the collection thereof.

Non-appropriation: The failure of the governing body of Lessee to appropriate money for any Fiscal Year of Lessee sufficient for the continued performance and discharge by the Lessee of its obligations under this Lease (including Lessee's obligations to make Rental Payments hereunder); provided, that such Non-appropriation shall only be deemed to exist and be effective hereunder if declared in and evidenced by the passage of a resolution of the City Council of the Lessee specifically stating Lessee will no longer appropriate any moneys to pay the Rental Payments due under this Lease for a designated upcoming Fiscal Year and all subsequent Fiscal Years.

Payment Date: Any date on which a Rental Payment is required to be paid as provided in Section 5.1 and as shown on the attached Exhibit B.

Permitted Encumbrances: As of any particular time: (i) liens for taxes and assessments not then delinquent, or which Lessee may, pursuant to provisions of Section 7.3, permit to remain unpaid, (ii) this Lease, the Indenture and amendments hereto or thereto, (iii) Lessor's interest in the Project, (iv) any mechanic's, laborer's, materialmen's, supplier's or vendor's lien or right not filed or perfected in the manner prescribed by law, and any such lien which Lessee may, pursuant to Article VIII, permit to remain unpaid, (v) utility, access, and other easements and rights-of-way, restrictions, and exceptions affecting the Land existing as of the date hereof, (vi) such minor defects, irregularities, encumbrances, easements, rights-of-way, and clouds on title as normally exist with respect to property similar in character to the Land and as do not in the aggregate materially impair the property affected thereby for the purposes for which it was acquired, and (vii) building, zoning, and subdivision laws.

Plans and Specifications: The plans and specifications for the Project as in existence on the date of issuance of the Bonds and approved by the Lessee, together with any additions thereto or modifications thereof approved by all such parties.

Principal Payment Date: For the Series 2026A Bonds, each February 1, commencing February 1, 2028.

Project: The Project Improvements, the Project Equipment and the Land which are being leased to the Lessee pursuant to this Lease and which are more fully described in the attached Exhibit A.

Project Costs or Cost of the Project or Cost: All costs of purchase, construction and installation of the Project including the following:

(a) fees and expenses of surveyors and engineers for estimates, surveys, soil borings, environmental reports, and soil tests and other preliminary investigations and items necessary for the commencement of construction, preparation of plans, drawings and specifications and supervision of construction, as well as for the performance of all other duties of surveyors and engineers in relation to the acquisition, construction, furnishing or equipping of the Project or the making of this Lease;

(b) all costs and expenses of every nature incurred in constructing and furnishing the Project Improvements and purchasing and installing the Project Equipment, including the actual cost of labor, materials, machinery, furnishings and equipment as may be payable to contractors, builders and materialmen in connection with the construction, furnishing and equipping the Project;

(c) the cost of any insurance and performance and payment bonds maintained during the construction of the Project;

(d) expenses of administration, supervision and inspection properly chargeable to the Project; underwriting expenses, legal fees and expenses, fees and expenses of accountants and other consultants, publication and printing expenses and other fees and expenses which are necessary or incidental and to the making of this Lease and the issuance of the Bonds or to the acquisition, purchase, construction, installation, furnishing and equipping of the Project;

(e) all other items of expenses not elsewhere specified in this definition as may be necessary or incident to: (i) the making of the and this Lease; (ii) the construction, installation, equipping and furnishing of the Project; and (iii) the financing thereof;

(f) reimbursement to Lessee or Lessor or those acting for it for any of the above numerated costs and expenses incurred and paid by them before or after the execution of this Lease (subject to the compliance, if applicable, with the "reimbursement regulations," being Treasury Regulations, Section 1.150-2); and

(g) any other costs of the Project described in Section 3.3.

Project Equipment: All items of machinery, equipment, or other personal property installed or acquired or to be acquired for installation in the Project Improvements or elsewhere on the Land in accordance with the Plans and Specifications and paid for in whole or in part from the proceeds of the Bonds, and all replacements thereof and substitutions therefor made pursuant to Sections 6.6 or 8.5.

Project Improvements: The buildings, structures, improvements and fixtures located on or to be purchased, constructed, renovated, bettered, enlarged and otherwise improved on the Land in accordance with the Plans and Specifications, and all additions, alterations, modifications and improvements thereof made pursuant to Sections 6.6 or 8.5, to be used by the Lessee as a fire and emergency services facility.

Purchase Option Price: The price at which the Lessee may purchase the Project as set forth in Article X.

Rental Payment: The payment due from Lessee to Lessor on each Payment Date during the Term of this Lease, as provided, for the Series 2026A Bonds, in Section 5.1 and shown on the attached Exhibit B (assuming no prepayment or acceleration of the Series 2026A Bonds).

Series 2026A Bonds: The $25,465,000 Lease Revenue Bonds, Series 2026A (City of Moorhead, Minnesota, Lease Obligation), dated the Date of Original Issuance.

State: The State of Minnesota.

State and Federal Law or Laws: The Constitution and any law of the State and any rule or regulation of any agency or political subdivision of the State; and any law of the United States, and any rule or regulation of any federal agency.

Lessee: City of Moorhead, a municipal corporation and political subdivision of the State of Minnesota.

Lessee Powers Act: Minnesota Statutes, Section 465.71 and 469.041, as from time to time amended.

Lessee Representative: The City Representative as defined in the Indenture.

Term or Lease Term: The period commencing as of March 10, 2026, and ending on February 1, 2046, subject to earlier termination in accordance with the provisions of this Lease.

Trustee: The Trustee under the Indenture.

Section 1.2. Exhibits.

The following Exhibits are attached to and by reference made a part of this Lease:

Exhibit A: A description of the Land, Project Improvements and Project Equipment being leased by Lessee pursuant to this Lease.

Exhibit B: A schedule indicating the date and scheduled amount of each Rental Payment (respecting the Series 2026A Bonds) coming due during the Lease Term (assuming no optional prepayment or acceleration).

Exhibit C: Form of Draw Request.

Exhibit D: Terms of Proposal

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of Lessee. Lessee represents, covenants and warrants as follows:

(a) Lessee is a municipal corporation and a political subdivision duly organized and existing under the Constitution and laws of the State.

(b) Lessee is authorized under the Constitution and laws of the State to execute and deliver this Lease, to acquire, construct, operate and maintain the Project, and to perform all of its obligations provided hereunder and contemplated hereby.

(c) The officers of Lessee executing this Lease have been duly authorized to execute and deliver this Lease, under the terms and provisions of a resolution of Lessee's governing body, or by other appropriate official action.

(d) In authorizing and executing this Lease, Lessee has complied with all open meeting, public bidding and other State and Federal Laws applicable to this Lease and the Lessee and any other laws relating to the indebtedness of the Lessee applicable to this Lease, the sublease of the Land and lease of the Project and the acquisition, construction, operation and maintenance of the Project.

(e) Lessee will not pledge, mortgage or assign this Lease, or its duties and obligations hereunder to any other person, firm or corporation except as provided under the terms of this Lease.

(f) The Project is necessary to the Lessee in order for the Lessee to perform its essential governmental functions and the Project will be used during the Term of this Lease only to carry out the governmental purposes of Lessee.

(g) During the Term of this Lease, Lessee will not take any action (or suffer any action to be taken or circumstance to exist which is within the power of Lessee to prevent) the effect of which would be (1) to cause the interest on the Bonds to become subject to federal income taxation, including, but not limited to, permitting any entity that is not a Governmental Unit to use, directly or indirectly, any portion of the Project in a trade or business so as to impair the tax-exempt status of the Bonds, all within the meaning of Section 141 of the Code, or (2) to cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(h) The Project will comply with all applicable land use, environmental control, building, subdivision, and zoning ordinances, codes and regulations, if any, and will be constructed wholly within the boundaries of the Land. The Land is properly zoned for the purpose of the Project. All taxes, assessments or impositions of any kind with respect to the Land (if any), except current taxes (if any), have been paid in full.

(i) The Land is not subject to any dedication, easement, right of way, reservation in patent, covenant, condition, restriction, lien or encumbrance which would prohibit or materially interfere with the acquisition, construction, operation and maintenance of the Project on the Land..

(j) The Lessee has good and marketable title to the Land, subject only to Permitted Encumbrances.

(k) The execution and delivery hereof, the compliance with the terms and conditions hereof, and the consummation of the transactions contemplated hereby, do not and will not conflict with or result in a breach of the terms, conditions, and provisions of any restriction or any agreement or instrument to which the Lessee is now a party or by which the Lessee is bound, or constitute a default under any of the foregoing.

(l) There is no litigation, action, suit or proceeding pending (or to the best of Lessee's knowledge, threatened) before any court, administrative agency, arbitrator or governmental body that challenges (1) the authority of Lessee or its officers or its employees to enter into this Lease or the (2) the proper authorization, approval and/or execution of this Lease and other documents contemplated hereby, (3) the ability of Lessee otherwise to perform its obligations under this Lease or the and the transactions contemplated hereby, or (4) the issuance of the Series 2026A Bonds by the Lessor.

(m) The Lessee has reviewed the Indenture respecting the Series 2026A Bonds and hereby consents to the terms of the Indenture and agrees to be bound by and to discharge any obligations specifically imposed upon the Lessee pursuant to the terms of the Indenture.

(n) The Lessee covenants, notwithstanding any termination of this Lease (whether arising pursuant to an Event of Default, a Non-appropriation or otherwise), that it will use its best efforts to assist the Lessor and/or the Trustee in re-leasing and/or selling the Project.

(o) The Project is a facility essential to the operations of the Lessee and the public safety of the residents of the Lessee.

(p) The Lessee certifies that this Lease is a "triple net" lease that requires the Lessee to pay all expenses, taxes, fees, insurance premiums, rebate payments, and costs associated with the Project and this Lease without the right of offset.

(q) Except as disclosed in the Official Statement, no member of the governing body of the Lessee or any other officer of the Lessee has any significant or conflicting interest, financial, employment or otherwise, in the Lessee or the Project or in the transactions contemplated hereby.

(r) The Lessee does not rely on any warranty of the Lessor or the Trustee, either express or implied, as to the title or condition of the Project or that it will be suitable to the Lessee's needs, and recognizes that the Lessor or the Trustee is not obligated to operate or maintain the Project or to expend any funds thereon, and acknowledges the Lessor and the Trustee have made no such warranty either express or implied.

(s) Except as disclosed in the Official Statement (as defined in the Trust Agreement), to the best of the knowledge of the Lessee, (i) no Hazardous Substances have been generated, treated, stored, transferred from, released or disposed of, or otherwise placed, deposited in or located on the Land, (ii) the Land is not now, and never has been, used as a landfill, dump or other disposal, storage, transfer or handling area for Hazardous Substances for industrial, military or manufacturing purposes, or as a gasoline service station or a facility for selling, dispensing, storing, transferring or handling petroleum and/or petroleum products, (iii) no above ground or underground tanks have been located under, in or about the Land and subsequently removed or filled, and (iv) to the extent storage tanks currently exist on or under the Land, such storage tanks have been duly registered with all appropriate regulatory and governmental bodies and otherwise are in compliance with applicable federal, state and local statutes, regulations, ordinances, and other regulatory requirements.

(t) Except as disclosed in the Official Statement, to the best of the knowledge of the Lessee, the Land is not located in a flood hazard area and has never been subject to material damage from flooding.

Section 2.2. Representations, Covenants and Warranties of Lessor. Lessor represents, covenants and warrants as follows:

(a) Lessor is a public body corporate and politic and a political subdivision, duly organized and existing under the laws of the State and has power to enter into this Lease and by proper action has duly authorized the execution of this Lease.

(b) The Project constitutes an authorized economic development project under the Act.

(c) The governing body of Lessor has determined that the Project will promote the public interest and welfare of the State of Minnesota and the City and the people thereof through the provision of public facilities required for the purpose of providing various services to the City residents.

(d) The acquisition and construction of the Project, the issuance and sale of the Series 2026A Bonds, the execution and delivery of this Lease and the performance of all covenants and agreements of the Lessor contained in this Lease have been duly authorized by the Bond Resolution.

(e) Lessor has not made, done, executed or suffered and warrants that it will not make, do, execute or suffer any act or thing whereby its Lessor's interest in the Project shall or may be impaired or changed or encumbered, except as provided in the Indenture.

(f) To finance the Cost of the Project, Lessor proposes to issue the Series 2026A Bonds.

(g) There is no litigation pending or to the best of Lessor's knowledge threatened against Lessor relating to the Indenture, the acquisition, equipping, installation, construction or financing of the Project or to the Series 2026A Bonds or to this Lease or questioning the organization, powers or authority of Lessor to perform its obligations hereunder.

(h) The execution and delivery of this Lease, the fulfillment of or compliance with the terms and conditions hereof, and the consummation of the transactions contemplated hereby do not conflict with or result in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which Lessor is now a party or by which Lessor is bound or constitute a default under any of the foregoing, or result in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of Lessor, or upon the Project, except Permitted Encumbrances.

ARTICLE III

ACQUISITION AND CONSTRUCTION OF PROJECT

Section 3.1. Agreement to Construct the Project. Subject to the provisions of Section 3.6, the Lessor hereby makes, constitutes and appoints the Lessee its agent for the purposes of (1) constructing, equipping, bettering, installing and otherwise completing the Project, or causing the same to occur, and, subject to the terms and conditions of this Lease, which terms and conditions the Lessor determines to be necessary, desirable and proper, or (2) providing for and making all decisions with respect to such construction, equipping, installation and completion of the Project. The Lessee hereby agrees to act and do all things on behalf of the Lessor, to perform all acts and agreements of the Lessor hereinabove described in this section and to bring any actions or proceedings against any person which the Lessee might bring with respect thereto as the Lessee shall deem proper; and the Lessee further agrees that it will, in accordance with the requirements set forth in this article, cause the construction, equipping, installation and completion of the Project to occur. The parties hereto agree that, as between the Lessor and the Lessee, the Lessee shall have the sole right of possession and use of the Project for the purpose of causing the construction, installation, completion, operation and maintenance of the Project.

Subject to the provisions in Section 12.2, this appointment of the Lessee as agent, and all authority hereby conferred, are granted and conferred irrevocably in connection with the construction, equipping, installation, operation and maintenance of the Project which shall not be terminated prior thereto by act of the Lessor or of the Lessee. The Lessee agrees that title to Lessee's interest in any equipment, fixtures or other personal property financed by the Bonds which are to be affixed to the Project to be acquired after issuance of Bonds shall pass to the Lessor at the time such equipment, fixtures or other personal property is delivered to the Project. The Lessor hereby assigns to the Lessee all warranties and guarantees of all contractors, subcontractors, suppliers, architects and engineers for the furnishing of labor, materials or equipment or supervision or design in connection with the Project Costs and any rights or causes of action arising from or against any of the foregoing.

The Lessee agrees to cause the Project and all other facilities and equipment necessary in connection therewith to be substantially acquired, constructed and installed on or before August 1, 2027.

Section 3.2. Agreement to Issue Bonds; Application of Bond Proceeds; City Contribution.

(a) In order to provide funds for payment of Project Costs, the Lessor will issue and deliver to the initial purchaser thereof the Series 2026A Bonds, and the Lessor will deposit the proceeds of the Series 2026A Bonds with the Trustee in the Bond Fund, and the Construction Fund as provided in the Indenture.

(b) In order to provide funds for payment of Project Costs, the Lessee will deposit $_________ of funds with the Trustee in the Construction Fund, as provided in the Indenture.

Section 3.3. Disbursements from the Construction Fund. The Lessor has, in the Indenture, authorized and directed the Trustee to use the moneys in the Construction Fund to pay, or to reimburse the Lessor or Lessee, as the case may be, for payments made, for the following costs and for the following purposes:

(1) All Project Costs, including the costs of acquiring, constructing, and equipping the Project, including costs of labor and materials and other charges from architects, engineers, contractors, builders and material suppliers in connection with the design, planning, acquisition, installation and construction of the Project, and including the reasonable expenses of any employees of the Lessee performing any such functions (provided said employee costs are properly chargeable as a capital cost of the Project);

(2) Interest accruing upon the Series 2026A Bonds prior to the Completion Date and not covered by proceeds of the Series 2026A Bonds and earnings thereon deposited in the Bond Fund, and any interest which has accrued for any interim financing obtained by the Lessee incident to the acquisition, installation and construction of the Project before the Series 2026A Bonds are delivered to the initial purchaser thereof;

(3) The cost of any indemnity and surety bonds obtained in connection with the Project, the fees and expenses of the Trustee during construction, taxes and other municipal governmental charges levied or assessed during construction upon the Project or any property acquired therefor, and the premiums for insurance, if any, in connection with the Project during construction;

(4) The cost of acquisition and installation of equipment for completion or operation of the Project;

(5) Fees and expenses of engineers and architects for surveys and estimates and other preliminary investigations, preparation of plans and specifications, and supervising acquisition, installation and construction, as well as for the performance of all other duties of engineers and architects, as are specifically required in relation to the acquisition, installation and construction of the Project or the issuance of Bonds therefor;

(6) Expenses of administration, supervision and inspection properly chargeable to the Project, any administrative fees of the Lessor, legal expenses and fees, fiscal consultant expenses and fees, financing charges, cost of audits and of preparing, offering and issuing the Bonds, and initial and transaction fees and any expenses of the Trustee, incident to the acquisition, installation, construction and financing of the Project; and also

(7) Any other obligation or expense heretofore or hereafter incurred by the Lessor or the Lessee in connection with the acquisition, installation, equipping and construction of the Project.

All moneys in the Construction Fund (including moneys earned pursuant to the provisions of Section 3.8) remaining after the Completion Date and payment in full of the items provided for in the preceding subsections (1) to (7), inclusive, of this section, then due and payable, shall be deposited in the Bond Fund, as provided in the Indenture, and credited against amounts of Rental

Payments due or to become due; provided that amounts approved by the Lessee Representative, as to Project Costs, shall be retained by the Trustee in the Construction Fund, as directed in writing by the Lessee Representative, for payment of Project Costs not then due and payable but reasonably foreseen.

Each of the payments referred to in this section shall be made only upon the written order of the Lessee Representative as to the Project Costs; provided, that interest accruing on the Bonds during construction may be paid without an order of the Lessee Representative.

Before any of the payments referred to in the preceding subsections of this section (other than (2)) may be made, the Lessee Representative, as to the Project Costs, shall certify to the Trustee with respect to each such payment by submitting the form of Draw Request attached hereto as Exhibit C: (a) that none of the items for which the payment is proposed to be made has theretofore been paid from the Construction Fund. and (b) that each item for which the payment is proposed to be made is or was necessary in connection with the Project and is or was a Project Cost. In the case of any contract providing for the retention of a portion of the contract price, there shall be paid from the Construction Fund only the net amount remaining after deduction of any such portion.

Section 3.4. Obligation of the Parties to Cooperate in Furnishing Documents to Trustee. The Lessor and the Lessee agree to cooperate in furnishing to the Trustee the documents referred to in Section 3.3 that are required to effect payments out of the Construction Fund and to cause such orders to be directed in writing by the Lessee Representative, and to the Trustee as may be necessary to effect payments out of the Construction Fund in accordance with Section 3.3. Such obligation is subject to any provision of this Lease or the Indenture requiring additional documentation with respect to payments and shall not extend beyond the moneys in the Construction Fund available for payment under the terms of the Indenture.

Section 3.5. Establishment of Completion Date. The Completion Date shall be evidenced to the Trustee by a certificate signed by the Lessee Representative stating that construction of the Project has been completed in accordance with the Plans and Specifications and all labor, services, materials and supplies used in such construction, acquisition and installation have been paid for.

Section 3.6. Lessee Required to Pay Project Costs in Event Construction Fund Insufficient. In the event that, after the Series 2026A Bonds have been issued, the moneys in the Construction Fund available for payment of the Project Costs should not be sufficient to pay all costs required to complete the Project in accordance with the Plans and Specifications, the Lessee agrees, for the benefit of the Lessor and the Holders of the Series 2026A Bonds, to complete the Project, and the Lessee shall pay the Costs thereof directly or by causing to be deposited in the Construction Fund such amounts as are necessary and sufficient for payment of the balance of the Project Costs, and to this end Lessee shall promptly perform its obligations. The Lessor does not make any representation or warranty, either express or implied, that the moneys which will be paid into the Construction Fund and which will be available for payment of the Project Costs will be sufficient to pay all such Costs. The Lessee agrees that if after exhaustion of the moneys of the Construction Fund the Lessee should pay any portion of the Project Costs pursuant to the provisions of this Section, Lessee shall not be entitled to any reimbursement therefor from the Lessor, the Trustee, or the Holders of any of the Series 2026A Bonds or be entitled to any diminution in or postponement of the amounts payable under Section 5.1 or 5.3.

Section 3.7. Remedies to be Pursued Against Contractors and Subcontractors and Their Sureties. In the event of default of any Contractor or subcontractor under any contract made by it in connection with the Project or in the event of breach of warranty with respect to any materials, workmanship, or performance guaranty, the Lessee will promptly proceed, either separately or in conjunction with others, to exhaust the remedies of the Lessee or the Lessor against the Contractor or subcontractor so in default and against each such surety for the performance of such contract. The Lessee agrees to advise the Lessor of the steps it intends to take in connection with any such default. If the Lessee shall so notify the Lessor, the Lessee may, at its own expense and in its own name or in the name of the Lessor, prosecute or defend any action or proceedings or take any other action involving any such Contractor, subcontractor or surety which the Lessee deems reasonably necessary, and in such event the Lessor hereby agrees to cooperate fully with the Lessee and to take all action necessary to effect the substitution of the Lessee for the Lessor in any such action or proceeding, but at the expense of the Lessee. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery, prior to the Completion Date shall be paid into the Construction Fund or, if recovered after the Completion Date and full disposition of the Construction Fund in accordance with Section 3.3, shall be paid into the Bond Fund.

Section 3.8. Investment of Construction Fund Permitted. Any moneys held as a part of the Construction Fund shall, at the written request of the Lessee Representative, be invested or reinvested by the Trustee in Qualified Investments. The type, amount and maturity of such investments shall be as specified by the Lessee Representative. The Trustee may make any and all investments permitted under this section through or from its own bond department or any of its affiliates. The Lessee covenants that the portion of the Construction Fund representing bond proceeds shall be directed to be invested and deposited only for a temporary period pending the need for expenditure to pay Project Costs, and it further covenants that said portion representing bond proceeds shall not be directed to be invested or used in such manner that any of the Series 2026A Bonds would be "arbitrage bonds" for purposes of Section 148 of the Internal Revenue Code and regulations thereunder. The Lessor and Lessee acknowledge that if the Lessee fails to provide written investment directions, such amounts shall be held by the Trustee uninvested, and the Trustee is relying on any such written investment direction as to the suitability and legality of such directed investment and its compliance with the requirements of Section 5.04 of the Indenture.

The Lessor and Lessee acknowledge that regulations of the Comptroller of the Currency grant the Lessor and Lessee the right to receive brokerage confirmations of the security transactions as they occur. The Lessor and Lessee specifically waive such notification to the extent permitted by law and will receive periodic cash transaction statements which will detail all investment transactions.

Section 3.9. Liens and Encumbrances. The Lessee shall pay, before delinquency, all costs for work done or caused to be done by the Lessee which could result in any lien or encumbrance on the Project or any part thereof, shall keep the title to the Project and every part thereof free and clear of any lien or encumbrance in respect of such work, and shall, to the extent permitted by law, indemnify and hold harmless the Lessor against any claim, loss, costs, demand and legal or other expense, whether in respect of any lien or otherwise, arising out of the supply of materials, services or labor for such work. The Lessee shall immediately notify the Lessor of any claim or lien or other action which affects the title to the Project or any part thereof, and shall cause the same to be removed within five (5) days (or such additional time as the Lessor may permit in writing), failing which the Lessor may take such action as the Lessor deems necessary to remove the same and the entire costs thereof shall be immediately due and payable by the Lessee to the Lessor; provided, however, that the Lessee may in good faith contest any mechanic's lien by appropriate proceedings if (i) the contest does not involve the imminent threat of forfeiture, sale or disturbance of the Project or any part thereof and (ii) the Lessee provides such security as the Lessor or the Trustee, or both may reasonably request. The Lessor shall not, without Lessee's prior written consent, which consent may be withheld in the Lessee's absolute discretion, encumber its interest in the Project or any part thereof except as provided in the Indenture.

Section 3.10. Lessee’s Liability. As between Lessee, the Lessor, and the Trustee, the Lessee assumes liability for all risk of loss during the acquisition, construction, installation and operation of the Improvements. The Lessee shall require that each Contractor maintain in force during the entire acquisition, construction and installation period of the Improvements, builder’s risk or property damage insurance in an amount at least equal to the full value of all work done and materials and equipment provided or delivered by the Contractor, as well as comprehensive liability insurance, worker’s compensation insurance and other insurance required by law or customarily maintained with respect to like projects.

ARTICLE IV

TERM OF LEASE

Section 4.1. Lease Term. Lessor hereby leases the Project to Lessee, and Lessee hereby leases the Project from Lessor upon the terms and conditions set forth in this Lease. This Lease shall be in effect for a Lease Term commencing upon the date of execution hereof and ending on the date the last Rental Payment is due and payable as shown in Exhibit B unless terminated by Lessee at the end of any Fiscal Year of Lessee occurring prior thereto in accordance with Section 4.3, or unless terminated as provided in Section 4.6.

Section 4.2. Possession and Enjoyment. Lessor hereby covenants to provide Lessee during the Term of this Lease with the quiet use and enjoyment of the Project, and Lessee shall during the Term of this Lease peaceably and quietly have and hold and enjoy the Project, without suit, trouble or hindrance from Lessor, except as expressly set forth in this Lease and the Lessor will, at the request of Lessee and at Lessee's cost, join in any legal action in which Lessee asserts its right to such possession and enjoyment to the extent Lessor lawfully may do so. Lessee may enter into a sub-lease agreement with Moorhead Public Service consistent with the terms set forth in Exhibit D to this Lease.

Section 4.3. Termination by Lessee; Effect of Non-Appropriation. In the sole event of Non-appropriation, Lessee shall have the right to terminate this Lease, in whole but not in part, at the end of any Fiscal Year of Lessee, in the manner and subject to the terms specified in this section and in Sections 4.5 and 4.6. Lessee may effect such termination by giving Lessor and the Trustee a written notice of termination and by paying to Lessor any Rental Payments and any other amounts due pursuant to Section 4.5 which are due and have not been paid, and any other amount due pursuant to Section 4.5 at or before the end of its then current Fiscal Year. Lessee shall give written notice to the Trustee and the Lessor of any such termination not less than ninety (90) days prior to the end of such Fiscal Year. If the Lessor and the Trustee are not delivered a written notice of an event of Non-appropriation with a certified copy of a resolution of the City Council the Lessee stating that Lessee will no longer appropriate any moneys to pay the Rental Payments due under this Lease, not less than ninety days prior to the end of a fiscal year then an event of Non-appropriation is deemed not to have occurred. In the event of termination of this Lease as provided in this section, Lessee shall convey to Lessor and release its interest under this Lease in the Project in accordance with Section 12.3 immediately after termination of this Lease.

Section 4.4. Intent to Continue Lease Term; Appropriations and Property Taxes. Lessee presently intends to continue this Lease for its entire Term and to pay all Rental Payments. The Lessee covenants that the chief financial official and/or other appropriate official of the Lessee will include in the officer's annual budget for each Fiscal Year and thereby request an appropriation by Lessee's City Council of an amount sufficient to meet Lessee's obligations under this Lease. To provide sufficient funds to pay the Rental Payments due hereunder, subject to the provisions in Section 4.3, Lessee shall include in each annual budget an appropriation sufficient, and shall levy such taxes as may be necessary, when combined with any other appropriated and available funds, to make the Rental Payments. Upon request of the Trustee or the Lessor, the Lessee shall provide such annual budget.

Section 4.5. Effect of Termination. Upon any termination of this Lease as described in Section 4.3, Lessee shall not be responsible for the payment of any additional Rental Payments coming due with respect to succeeding Fiscal Years. If Lessee does not deliver possession of the Project to Lessor in accordance with Section 12.3 and convey to Lessor or release its interest under this Lease in the Project immediately upon the termination of this Lease, the termination shall nevertheless be effective, but Lessee shall be responsible for the payment of damages in an amount equal to the amount of the Rental Payments coming due which are attributable to the number of days after termination of this Lease during which Lessee fails to take such actions and for any other loss suffered by Lessor as a result of Lessee's failure to take such actions as required. Termination of this Lease for any reason shall not terminate Lessee's obligations under Sections 2.1, 6.5 or 6.6 or relieve Lessee from any liability for the nonperformance of any covenant in those sections or for any inaccuracy in the representations contained in Section 2.1.

Section 4.6. Termination of Lease Term. The Term of this Lease will terminate upon any termination hereof by Lessee described in Section 4.3, upon a default by Lessee and Lessor's election to terminate this Lease pursuant to Article XII, or upon the Lessee's exercise of its option to purchase the Project pursuant to Article X and Lessee's payment of the Purchase Option Price. Upon Lessee's purchase of the Project, this Lease shall terminate and the Lessee thereupon shall become entitled to the Project **AS IS, WITHOUT WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY LESSEE**, except that the Project shall not be subject to any lien or encumbrance created by or arising through Lessor, other than Permitted Encumbrances. To evidence the foregoing, the Lessor shall, at the request and expense of Lessee, execute such documents as the Lessee reasonably determines are required to convey and release to the Lessee, any and all of Lessor's remaining right, title and/or interest in and to the Project.

ARTICLE V

RENTAL PAYMENTS

Section 5.1. Rental Payments. Subject to Lessee's exercise of its option to purchase the Project or prepay in part Rental Payments pursuant to Article X, and payment of the Purchase Option Price, Lessee shall:

(a) On or before the date identified on Exhibit B pay the Rental Payments as set forth on Exhibit B.

(b) The Lessee shall have a credit against each Rental Payment to the extent of any investment earnings which are available and which are in excess of amounts otherwise required to pay principal of or interest on the Series 2026A Bonds.

(c) In the event the Lessee shall have paid Rental Payments with respect to a Rental Payment Date, but the funds on deposit in the Bond Fund are nevertheless insufficient to pay such principal, premium (if any) and interest on the Bonds then due or to become due on such Interest Payment Date, the Lessee will forthwith pay as Rental Payments the amount of the deficiency.

Section 5.2. Place of Payment of Rental Payments; Assignment by Lessor. In accordance with Section 11.1 of this Lease and the Indenture, the Lessor is assigning its rights, title, interests and privileges, including the right to receive Rental Payments hereunder, to the Trustee to secure payment of the principal and interest on the Bonds. The Rental Payments provided for in Section 5.1 shall be paid directly to the Trustee at its corporate trust office for the account of Lessee for deposit in the Bond Fund, as provided in the Indenture.

Section 5.3. Additional Rental Payments. The Lessee shall pay Additional Rental Payments as follows:

(a) To the Trustee, for itself or remittance to the paying agents, promptly after being billed, until the principal of and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the provisions of the Indenture, (i) an amount equal to the annual fee of the Trustee as trustee, for the ordinary services of the Trustee rendered and its ordinary expenses incurred under the Indenture during the preceding billing period, (ii) the fees and charges of paying agents, authenticating agents, and registrars on the Bonds for acting as paying agent, authenticating agent, and registrar as provided in the Indenture, as and when the same become due, and (iii) the fees and charges of the Trustee for necessary extraordinary services rendered by it and extraordinary expenses incurred by it under the Indenture, as and when the same become due, other than the fees and charges which were required by reason of the gross negligence or willful default of the Trustee under the Indenture; provided, that the Lessee may, without creating a default hereunder, contest in good faith the necessity for any such extraordinary services and extraordinary expenses and the reasonableness of any such fees, charges or expenses; and

(b) To the Trustee or Lessor, as the case may be, upon demand, any amounts advanced by the Trustee for the account of the Lessee or the Lessor under the Indenture or advanced by the Lessor under this Lease; and

(c) To the Finance Director of City of Moorhead, or other appropriate authority or official for the account of the Lessee and before the same become delinquent or any penalty attaches, all taxes, special assessments, or other governmental charges imposed on or with respect to the Project or any part thereof, subject to Section 7.3; and

(d) To the Lessor, all reasonable expenses incurred by the Lessor in connection with the transactions contemplated hereby which are not otherwise required to be paid by the Lessee under the terms of this Lease; and

(e) All other costs and expenses specifically required to be paid by the Lessee or Lessor under the terms of this Lease or the Indenture.

(f) To the Lessor, upon its request, any amount of arbitrage profit required to be rebated to the United States under Section 6.07 of the Indenture.

Section 5.4. Rental Payments to be Unconditional. Except as provided in Section 4.3, the obligation of Lessee to make Rental Payments required hereunder, and to perform and observe all other covenants and agreements of Lessee contained herein, shall be absolute and unconditional in all events and the obligation to make such Rental Payments shall remain notwithstanding any dispute between Lessee and Lessor or any other person unless the Lessor shall violate the Lessee's right to quiet enjoyment of the Project to such a degree that Lessee no longer enjoys its right of possession to the Project. Lessee shall make all Rental Payments and other payments required hereunder when due and shall not withhold any Rental Payment or other payment pending final resolution of such dispute and Lessee shall not assert any right of setoff or counterclaim against its obligation to make such Rental Payments or other payments required under this Lease. Lessee shall have the right pursuant to Section 7.3 to in good faith contest taxes, special assessments, utility or other charges in accordance with the provisions of Section 7.3. However, nothing herein shall be construed to release Lessor from the performance of its obligations hereunder; and if Lessor should fail to perform any such obligation, Lessee may institute such legal action against Lessor as Lessee may deem necessary to compel the performance of such obligation or to recover damages therefor.

Section 5.5. Current Expense. The obligations of Lessee under this Lease, including its obligation to pay the Rental Payments due with respect to the Project, in any Fiscal Year for which this Lease is in effect, shall constitute a current expense of Lessee for such Fiscal Year. The Lessee's obligations hereunder shall be from year to year only and shall not constitute an indebtedness, liability or mandatory payment obligation of Lessee in any ensuing Fiscal Year beyond the then current Fiscal Year. No provision herein shall be construed or interpreted as creating a general obligation or other indebtedness of the Lessee within the meaning of any constitutional or statutory debt limitation. Except for the lien herein created in the Project and the proceeds thereof, nothing herein shall be construed to pledge or to create a lien on any taxes or on any other class or source of money of the Lessee, nor shall any provision herein restrict the future issuance of any bonds of the Lessee or obligations payable from any class or source of Lessee moneys.

ARTICLE VI

INSURANCE AND INDEMNIFICATION

Section 6.1. Liability Insurance. The Lessee shall, at its own expense, cause comprehensive liability and property damage insurance to be carried and maintained with respect to the activities to be undertaken by and on behalf of the Lessee in connection with the use of the Project substantially the same as insurance carried by the Lessee with respect to other governmental activities.

Section 6.2. Property Insurance. The Lessee shall cause casualty and property damage insurance to be carried and maintained with respect to the Project in an amount at least equal to the replacement value of the Project with a deductible not to exceed the deductible carried by the Lessee with respect to other similar governmental buildings (except that during construction of the Project, builders risk insurance, full value of completed structure - all risk coverage, may be substituted for property insurance required for that portion of the Project). Such coverage must apply exclusively to the Project and must be available to repair/rebuild the Project under all circumstances after the occurrence of an insured peril. Full payment of insurance proceeds up to the required policy dollar limit in connection with damage to the Project shall, under no circumstances, be contingent on the degree of damage sustained at other facilities owned or leased by the Lessee. The policy must explicitly waive any co-insurance penalty. The Net Proceeds of insurance required by this section will be applied to the prompt repair, restoration or replacement of the Project or to the prepayment of Rental Payments as provided herein. Any Net Proceeds not needed for those purposes will be paid to the Lessee.

Section 6.3. Worker's Compensation Insurance. If required by State law, Lessee shall carry Worker's Compensation Insurance covering all employees on, in, near or about the Project, and upon request, shall furnish to Lessor certificates evidencing such coverage throughout the Term of this Lease.

Section 6.4. Requirements For All Insurance. All insurance policies (or riders or endorsements to existing policies) required by this Article shall be taken out and maintained with responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State and rated A by Best or in the two highest categories of Standard and Poor's and Moody's and shall contain a provision that the insurer shall not cancel or revise coverage thereunder without giving written notice to the insured parties at least thirty (30) days before the cancellation or revision becomes effective. All insurance policies or riders required by Sections 6.1 and 6.2 shall name Lessee, Lessor and Trustee as insured parties and, with respect to the property insurance, shall also name the Lessor and Trustee as loss payees. During the period of completion of the Project, the requirement that Lessor and Trustee be named as an insured party under the liability insurance may be satisfied by having Lessor and Trustee named as additional insureds under the liability insurance policy carried by the general Contractor. Lessee shall annually deposit with the Trustee a certificate of the Lessee stating that the insurance it carries for the Project is in full force and effect and complies with Article VI of this Lease, and the Trustee shall be authorized to conclusively rely on such certificate. The Trustee has no duty or obligation to determine the sufficiency of such insurance requirements. Before the expiration of any such policy (or rider), Lessee shall furnish to Lessor evidence that the policy has been renewed or replaced by another policy conforming to the provisions of this Article.

Section 6.5. Indemnification; Hazardous Substance.

(1) Lessee assumes all risks and liabilities, whether or not covered by insurance, for loss or damage to the Project or any portion thereof and for injury to or death of any person or damage to any property, in any manner arising out of or incident to any possession, use, operation or condition of the Project or any portion thereof, whether such injury or death be with respect to agents or employees of Lessee or of third parties, and whether such property damage be to Lessee's property or the property of others. To the maximum extent permitted by law, Lessee hereby assumes responsibility for and agrees to indemnify, protect, save and keep harmless Lessor and the Trustee and their officers, directors, employees, agents, successors and assigns from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including reasonable attorney's fees) of whatsoever kind and nature, imposed on, incurred by or asserted against Lessor or the Trustee that in any way relate to or arise out of the possession, use, operation or condition of the Project or the financing related thereto, unless caused by Lessor, the Trustee or their agents.

(2) To the maximum extent permitted by law, the Lessee hereby agrees to defend, indemnify and hold harmless Lessor, the Trustee and their officers, employees, directors, agents, successors and assigns (hereinafter collectively referred to as the "Indemnitees") from and against, and shall reimburse each such Indemnitees for any and all loss, claim, liability, damage, judgment, penalty, injunctive relief, injury to person, property or natural resources, cost, expense, action or cause of action arising in connection with or as the result of any past, present or future existence, use, handling, storage, transportation, manufacture, release or disposal of any Hazardous Substance in, on or under the Land, whether foreseeable or unforeseeable, regardless of the source, the time of occurrence or the time of discovery (hereafter collectively referred to as "Loss"). The foregoing indemnification against Loss includes, without limitation, indemnification against all costs in law or in equity of removal, response, investigation, or remediation of any kind, and disposal of such Hazardous Substances, all costs of determining whether the Land is in compliance with, and of causing the Land to be in compliance with, all applicable Environmental Laws, all costs associated with claims for damages to persons, property, or natural resources, and the Indemnitees' reasonable attorneys' and consultants' fees, court costs and expenses incurred in connection with any thereof.

(3) The obligations of Lessee to indemnify the Indemnitees shall survive satisfaction and payment in full of the Bonds, and termination of this Lease or the Lessor or Trustee reacquiring possession of the Land under the Lease. The rights of the Indemnitees hereunder shall be in addition to any other rights and remedies which the Indemnitees may have against the Land and the Lessee under this Lease or any other document or at law or in equity.

(4) Notwithstanding anything in this Lease to the contrary, if Lessor should, after subleasing the Land to the Lessee as provided herein, subsequently terminate this Lease (the date on which this event occurs being the "Termination Date"), the indemnifications described in this section shall not apply to any Loss incurred by Lessor or the Trustee as a direct result of affirmative

actions of the Lessor or the Trustee after Lessor or the Trustee has terminated this Lease if such affirmative actions of the Lessor or the Trustee are the sole and direct cause of the introduction and initial release of a Hazardous Substance in, on or under the Land; provided, however, that the Lessee shall bear the burden of proof that the introduction and initial release of such Hazardous Substance (i) occurred subsequent to the Termination Date, (ii) did not occur as a result of any action of the Lessee, and (iii) did not occur as a result of a continuing migration or release of any Hazardous Substance introduced prior to the Termination Date in, on, under or near the Project.

(5) Except as expressly provided for in this section, the indemnifications provided herein shall remain in full force and effect, including, without limitation, with respect to Hazardous Substances which are discovered or released in, on or under the Land after the Termination Date, and with respect to the continuing migration or release of any Hazardous Substance previously introduced in, on, under or near the Land. The foregoing limitations shall not affect or impair any rights, remedies or claims the Lessor or the Trustee may have outside the scope of this indemnity, at law or in equity, with respect to the Lessee or others.

Section 6.6. Damage to or Destruction or Condemnation of Project. If after the execution of this Lease all or any part of the Project is lost, stolen, condemned, destroyed or damaged, or taken by condemnation, Lessee shall either (i) as soon as practicable after such event restore and/or replace (as in the case may be required), or cause to be restored and/or replaced, the same at Lessee's sole cost and expense such restoration or replacement to be of equal or greater value to the Project or the applicable portion thereof immediately prior to the time of the loss occurrence or condemnation, whereupon such restoration or replacement shall be substituted in this Lease by appropriate endorsement, if necessary or (ii) at its option redeem the Bonds in whole but not in part. By way of example but not limitation, restoration shall include any demolition, clearance or other clean-up or safety measures reasonably required in connection with any casualty, destruction or other loss of any portion of the Project. The Net Proceeds payable with respect to the loss may be applied towards the costs of such replacement or restoration.

ARTICLE VII

OTHER OBLIGATIONS OF LESSEE

Section 7.1. Use; Permits. Lessee shall exercise due care in the construction, use, operation and maintenance of the Project, and shall not install, use, operate or maintain the Project improperly, carelessly, in violation of any State and Federal Law, or for a purpose or in a manner contrary to that contemplated by this Lease. Lessee shall obtain (or cause to be obtained) all permits and licenses necessary for the construction, operation, possession and use of the Project. Lessee shall comply with all State and Federal Laws applicable to the construction, use, possession and operation of the Project, and if compliance with any such State and Federal Law requires changes or additions to be made to the Project, such changes or additions shall be made by Lessee at its expense.

Section 7.2. Maintenance of Project by Lessee. Lessee shall, at its own expense, maintain, preserve and keep the Project in good repair, working order and condition and shall from time to time make all repairs and replacements necessary to keep the Project in such condition. Neither Lessor nor Trustee shall have any responsibility for any of these repairs or replacements.

Section 7.3. Taxes, Other Governmental Charges and Utility Charges. Except as expressly limited by this section, Lessee shall pay (or cause to be paid) all taxes and other charges of any kind which are at any time lawfully assessed or levied against or with respect to the Project, or which become due during the Term of this Lease, whether assessed against Lessee or Lessor. Lessee shall also pay (or cause to be paid) when due all gas, water, steam, electricity, heat, power, telephone, and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project, and all special assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Project; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments Lessee shall only be required to pay (or cause to be paid) such installments, during the Term of this Lease as and when the same become due.

Lessee may, at its own expense and in its own name, in good faith contest any such taxes, assessments, utility and other charges and shall notify the Lessor of such good faith contest and, in the event of any such contest, may permit the taxes, assessments, utility or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom but only if (1) nonpayment of any such items will not materially endanger the interest of Lessor in the Project, nor subject to loss or forfeiture the Project or any part thereof, and (2) Lessee files with the Trustee an opinion of Independent Counsel stating in effect that neither event will occur. If both conditions are not satisfied, Lessee shall promptly pay such taxes, assessments, utility or other charges or provide Lessor with full security against any loss which may result from nonpayment, in form satisfactory to Lessor.

The Lessee, at its expense, shall comply with all applicable laws to the extent any failure to comply would have a material adverse effect on the Project or the Lessor's rights hereunder, or would result in the levying of any criminal or civil penalties on either party, whether or not such compliance requires changes in the Project or property owned by the Lessee or interfere with the use and enjoyment of the Project or any part thereof. The Lessee will take such actions at its expense, to enable the Lessee to obtain all permits and similar authorizations needed for the use of the Project.

Section 7.4. Advances. If Lessee shall fail to perform any of its obligations under this Article, Lessor may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and Lessee shall be obligated to repay all such advances on demand with interest from the date of the advance to the date of repayment. The interest rate on the advance shall be one hundred (100) basis points greater than (1) the rate of interest at which the Lessor borrowed the money advanced or, (2) if the Lessor did not borrow the money, the rate of four percent (4.0%) per annum.

Section 7.5. Lessor Access to Project. Lessee agrees that Lessor shall have the right at all reasonable times upon reasonable notice to examine and inspect the Project. Lessee further agrees that Lessor shall have such rights of access to the Project as may be reasonably necessary to cause the proper maintenance of any portion of the Project in the event of failure by Lessee to perform its obligations hereunder.

Section 7.6. Transfer of Functions. The Lessee covenants that it will, at all times during the Term of this Lease, use the Project to the fullest extent possible in the governmental functions of the Lessee. The Lessee further covenants that, to the extent it may lawfully do so under the laws of the State of Minnesota, and to the extent it would not obviate the Lessee's right to terminate this Lease at the end of any Fiscal Year, it will not transfer any governmental functions from the Project to any other location during the Term of this Lease and will not otherwise eliminate or diminish the use of the Project by the Lessee in its governmental functions unless the Lessee promptly replaces such governmental functions with other functions or programs of the Lessee which will be substituted at the Project for the transferred functions for the remaining Term of this Lease.

ARTICLE VIII

TITLE

Section 8.1. Title. During the Term of this Lease title to the Project and any and all repairs, replacements, substitutions and modifications to it under Sections 6.6 or 8.5 shall be in the Lessor. Upon any termination of this Lease described in Section 4.3 or upon a default by Lessee and Lessor's election to terminate this Lease pursuant to Article XII, Lessee shall have no further interest in the Project under this Lease. In such event Lessee shall execute and deliver to Lessor such documents as Lessor may request to evidence the termination of this Lease; and upon request by Lessor, Lessee shall deliver possession of the Project to Lessor, in accordance with Section 12.3. Upon payment in full of the Rental Payments this Lease shall terminate and the Lessor shall convey and release to the Lessee any and all of Lessor's right, title and/or interest in and to the Project. Upon payment in full of the Rental Payments this Lease shall terminate and the Lessor shall convey and release to the Lessee any and all of Lessor's right, title and/or interest in and to the Project.

Section 8.2. Security Interest. The Lessee hereby pledges, assigns and grants to the Lessor a security interest in all portions of the Project, whether now owned or existing or hereafter acquired or arising, that are deemed personal property or fixtures pursuant to applicable law, the proceeds thereof and all repairs, replacements, substitutions and modifications thereto or thereof made pursuant to Section 8.5 and a security interest in the proceeds of all insurance policies, in order to secure Lessee's payment of all Rental Payments due during the Term of this Lease and the performance of all other obligations herein to be performed by the Lessee. The Lessee will cause to be executed, filed and recorded all instruments, including financing statements and continuation statements, and will perform such acts as are required to establish and maintain a valid and perfected security interest in such portions of the Project. The Trustee shall not be responsible for filing any financing or continuation statement or recording any documents or instruments in any public office at any time or otherwise for perfecting or maintaining the perfection of any lien or security interest in the Trust Estate or under this Lease. The Trustee shall not be responsible for filing or for the sufficiency or accuracy of any financing statements initially filed to perfect security interests granted under this Lease or the Indenture.

Section 8.3. Liens. During the Term of this Lease, Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Project, other than the respective rights of Lessor and Lessee as herein provided and Permitted Encumbrances. Except as expressly provided in Section 7.3 and this Article, Lessee shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim if the same shall arise at any time; provided that if any such lien for labor or materials is established against the Project and Lessee shall first notify Lessor of Lessee's intention to do so, Lessee may in good faith contest any such lien, and in such event may permit the lien so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom but only if (1) nonpayment of any such item will not materially endanger the interest of Lessor in the Project and will not subject to loss or forfeiture the Project or any part thereof, and (2) the Lessee files with the Lessor an opinion of Independent Counsel stating in effect that neither event will occur.

Lessee shall reimburse Lessor for any expense incurred by Lessor in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 8.4. Installation of Lessee's Equipment. Lessee may at any time and from time to time, in its sole discretion and at its own expense, install items of fixtures, equipment and other personal property in or upon the Project. All such items shall remain the sole property of Lessee, in which Lessor shall have no interest, and may be modified or removed by Lessee at any time provided that Lessee shall repair and restore on a timely basis any and all damage to the Project resulting from the installation, modification or removal of any such items. Nothing in this Lease shall prevent Lessee from purchasing items to be installed pursuant to this section under a conditional sale or lease-purchase contract, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, or from entering into any other loan agreement secured by a lien or security interest in such property provided that no such lien or security interest shall attach to any part of the Project. Lessor and the Trustee shall, at the request and expense of Lessee, execute such releases and other documents as Lessee reasonably determines is necessary to facilitate such purchase or loan and as are consistent with the rights of the parties under this Lease; and as a condition to executing such documents, Lessor and the Trustee may require and conclusively rely upon a written statement of Lessee that the documents comply with the provisions of this section.

Section 8.5. Modification of Project. Subject to Lessee's rights under Section 8.4, Lessee shall, at its own expense, have the right to make repairs to the Project, and to make repairs, replacements, substitutions and modifications to all or any of the parts thereof. All such work and any part or component used or installed to make a repair or as a replacement, substitution or modification, shall thereafter comprise part of the Project and be subject to the provisions of this Lease; provided, however, that an addition to the Project constructed on Lessee Land outside of the then-exterior walls of the Project will not become part of the Project. Such work shall not in any way damage the Project or cause it to be used for purposes other than those authorized under the provisions of State and Federal Law or those contemplated by this Lease; and the Project, upon completion of any such work shall be of value which is not less than the value of the Project prior to the commencement of such work. Any property for which a replacement or substitution is made pursuant to this section may be disposed of by Lessee in such manner and on such terms as are determined by Lessee. Lessor shall also at Lessee's expense execute such other releases from the provisions of this Lease for any replacement equipment as Lessee may reasonably request. For purposes of executing any such amendment or document, Lessor and Trustee may require and conclusively rely upon a written statement of Lessee that such amendment or document complies with the provisions of this section.

Section 8.6. Easements and Utility Access. Lessee may, at Lessee's expense, at any time and from time to time request Lessor to convey an easement affecting the Land to a corporate utility or public body, or any other person, upon written certification by an Independent Engineer that in its opinion the easement is necessary or desirable to provide road or other access or utility service for the Project or other property and will not impair the usefulness of the Project for the purposes contemplated in this Lease and will not destroy the means of ingress therefrom and egress therefrom. No such easement shall result in any abatement of rents or other sums payable by Lessee under this Lease. Lessor will execute the easement and will join in the execution of a supplement to this Lease and the , providing for the subordination of this Lease and the to any such easement; but the subordination shall not become effective until the following items are filed with, and/or where applicable, executed by, the Lessor:

(1) a copy of the easement (or if Section 8.7 is applicable, release) executed or to be executed by Lessor;

(2) a plat or survey of the Land prepared and certified by a registered Minnesota land surveyor, showing the land to be subjected to the easement as described in the easement (or if Section 8.7 is applicable, the land to be released) and the location in relation thereto of all buildings, structures and permanently installed equipment on the land, and all other easements, roads, tracks and utility installations;

(3) evidence of the authority of the officers executing the lease supplement and easement (or, if Section 8.7 is applicable, the release) on behalf of Lessor and Lessee, including a certified copy of an authorizing resolution of the governing body of Lessor and of Lessee; and (4) the certificate of the Independent Engineer.

Any money received by Lessee for the easement shall be remitted to the Lessor and credited to the Bond Fund. For purposes of executing the instruments described in this section, Lessor and Trustee may require and conclusively rely upon a written statement of Lessee that the provisions of this section have been fully satisfied.

Section 8.7. Release of Unimproved Land. Lessee may, at Lessee's expense, at any time and from time to time request Lessor to release from the provisions of this Lease any part of the Land on which no building, structure or permanently installed equipment is situated, upon written certification by an Independent Engineer stating that in their opinion the Land proposed to be released is not needed for the operation of the Project for the purposes stated in this Lease, and that the release will not impair the usefulness of the Project for these purposes and will not destroy the means of ingress thereto and egress therefrom. Lessor will join in the execution of a supplement to this Lease providing for the release thereof, subject to the following conditions:

(1) the release shall not become effective until the filing with the Lessor of the following items:

(A) the items described in paragraphs (1) to (4), inclusive, of Section 8.6; and

(B) an opinion of Independent Counsel stating that the above documents satisfy the requirements of this section and that the release is in appropriate form for execution by the respective parties; and

(2) the Lessee shall not be entitled to any abatement, reduction, or diminution of any rents payable under this Lease.

Section 8.8. Covenant For the Benefit of the Bondholders. Lessee recognizes the authority of the Lessor to pledge all moneys receivable under this Lease, including any proceeds from the sale of all or a part of the Project, as security for the payment of the principal of and interest and redemption premiums, if any, on the Bonds. Each of the terms and provisions of this Lease is a covenant for the use and benefit of the Holders of the Bonds, so long as any thereof shall remain outstanding; and the Trustee shall be deemed, on behalf of the Bondholders, a third party beneficiary of said terms and conditions; but upon payment in full of the Bonds and of all fees and charges of the Trustee, all references in this Lease to the Bonds shall be ineffective, and no Holder of any of the Bonds shall thereafter have any rights hereunder, save and except those that shall have theretofore vested.

ARTICLE IX

PROJECT WARRANTIES

Section 9.1. Selection of Project. The Project and the Contractors have been and are to be selected by Lessee, and Lessor shall have no responsibility in connection therewith, or with respect to the suitability of the Project for the use intended by Lessee or any delay or failure by the Contractors to construct the Project for use by Lessee.

Section 9.2. Construction and Maintenance of Project. Lessor shall have no obligation to construct, inspect or maintain the Project or any portion thereof under any circumstances, but such actions shall be the obligation of Lessee. The Lessee shall, at its expense, keep the Project in reasonable order and condition in light of the use to which the Project will be put and will repair, restore and rebuild all building enclosures and other structures and improvements located therein to the extended provided for under this Lease.

Section 9.3. Contractors' Warranties. Lessor hereby assigns to Lessee for and during the Term of this Lease, all of its interest in all Contractors' warranties and guarantees, express or implied, issued on or applicable to the Project, and Lessor hereby authorizes Lessee to obtain the customary services furnished in connection with such warranties and guarantees at Lessee's expense.

Section 9.4. Disclaimer of Warranties. THE PROJECT IS LEASED TO LESSEE HEREUNDER AS IS, AND LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY LESSEE OF THE PROJECT, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROJECT.

ARTICLE X

PREPAYMENT

Section 10.1. Option to Prepay in Whole or in Part. Lessee may prepay the unpaid Principal Portion of the Rental Payments, in whole or in part and if in part, in multiples of $5,000, on February 1, 2036, or any day thereafter, at the Purchase Option Price equal to the principal amount of the Bonds outstanding and accrued interest to the next day on which they may be called for redemption, plus past due Rental Payments, and only in the manner provided in this Article.

Section 10.2. Prepayment Upon Event of Damage or Destruction of Project. Lessee may prepay the unpaid Principal Portion of the Rental Payments, in whole but not in part, upon written notice and direction to the Lessor, in the event of damage to or destruction of the Project or any part thereof, at the Purchase Option Price equal to the principal amount of the Bonds outstanding and accrued interest to the redemption date, plus past due Rental Payments, and only in the manner provided in this Article.

Section 10.3. Exercise of Purchase Option. Lessee shall give written notice to Lessor and Trustee of its intention to exercise its purchase option pursuant to Sections 10.1 or 10.2 not less than forty-five (45) days prior to the date on which the option is to be exercised and shall deposit with the Trustee on the date of exercise an amount equal to all Rental Payments and any other amounts then due or past due and the applicable Purchase Option Price. The purchase shall be on the date on which the option is to be exercised at the office of Lessor.

Section 10.4. Release of Lessor's Interest. Upon exercise by Lessee of its option to purchase Lessor's interest in the Project and payment of the Purchase Option Price, this Lease shall terminate and Lessee thereupon shall become entitled to the Project AS IS, WITHOUT WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY LESSEE, except that the Project shall not be subject to any lien or encumbrance created by or arising through Lessor other than Permitted Encumbrances. To evidence the foregoing, Lessor and Trustee, as agent for and on behalf of the Bondholders, shall, at the request and expense of Lessee, execute such documents as Lessee reasonably determines are required to convey and release to Lessee, any and all of their remaining right, title and/or interest in and to the Project.

Section 10.5. Defeasance. Lessee shall have the option to provide for the payment of the Rental Payments (and, if applicable, the Purchase Option Price) by the deposit with the Trustee in escrow on behalf of the holders of the Bonds of cash or securities for which the full faith and credit of the United States are pledged for the payment of principal and interest or which are guaranteed as to payment of principal and interest by the United States, in an amount sufficient (together with interest earnings thereon) to provide for payment of said Rental Payments (and, if applicable, the Purchase Option Price) prior to their respective Payment Dates as provided in Section 5.1 through their final maturity date, or such earlier date upon which an option to purchase would have been exercisable by Lessee; provided that such earlier date is designated by Lessee as the date on which the applicable Purchase Option Price shall be paid; and provided further that Lessee files with

Lessor and Trustee an opinion of Bond Counsel stating in effect that such defeasance will not impair the tax exempt status of the Bonds. Upon exercise by Lessee of this option, this Lease and the shall terminate and, at the request and expense of Lessee, Lessor and Trustee shall convey and release their interest in the Project as provided in Section 10.4. For purposes of executing such release both the Lessor and Trustee may conclusively rely upon a report of an independent certified public accountant stating in effect that the sums held in escrow satisfy the payment requirement set forth in this section.

Section 10.6. Partial Prepayment or Defeasance. Lessee shall have the option to prepay on February 1, 2036, or any date thereafter a portion of any Rental Payment selected by the Lessee and scheduled to become due under this Lease. The Lessee shall also have the option to provide for the payment or prepayment, in increments, of a portion of Rental Payments scheduled to become due under this Lease by depositing in escrow with the Trustee sufficient funds for that purpose, in the manner and subject to the conditions set forth in Section 10.5 as if (a) those Rental Payments to be paid or prepaid were the only Rental Payments then scheduled to become due under this Lease and (b) any of the Rental Payments to be prepaid were the Purchase Option Price.

Section 10.7. Exercise of Partial Prepayment or Defeasance Option. Lessee shall give written notice to Lessor and Trustee of its intention to exercise its option to partially prepay Rental Payments or defease its Rental Payment obligations, in whole or part, as provided in Sections 10.5 and 10.6. Lessee shall give such notice not less than forty-five (45) days prior to the date on which a portion of any Rental Payments are to be prepaid, in whole or part, or the Purchase Option Price is to be paid, and shall deposit with Trustee on the date of exercise the sum required to effect such prepayment or defeasance.

Section 10.8. Credit for Partial Prepayment or Defeasance. If Lessee partially prepays or defeases any Rental Payments under Section 10.6 and thereafter elects to acquire the Project as provided in this Article, the Lessee shall be entitled to credit against the applicable Purchase Option Price an amount equal to a portion of the Rental Payments scheduled to come due after the date as of which the applicable Purchase Option Price is calculated and taken into account at the time such partial prepayment or defeasance occurred.

ARTICLE XI

ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING

Section 11.1. Assignment by Lessor. Except for Lessor's assignment of this Lease to the Trustee pursuant to the Indenture, Lessor shall not assign this Lease, in whole or in part, and no such purported assignment thereof shall be effective. The Lessor's sole obligation is to provide to the Lessee quiet enjoyment of the Project. Subject to the provisions of the Indenture, any and all of Lessor's rights, title and/or interest in and to this Lease, the Rental Payments and other amounts due hereunder and the Project may only be assigned and reassigned in whole to the Trustee without the consent of the Lessee.

Section 11.2. Assignment and Subleasing by Lessee. Except for a sub-lease to Moorhead Public Service as set forth in Exhibit D, neither this Lease nor Lessee's interest in the Project may be assigned or subleased by Lessee without the written consent of Lessor, and the Trustee and any such assignment or sublease shall not relieve Lessee from its obligations hereunder, including without limitation the obligation to make the Rental Payments hereunder; provided that Lessor's consent to any other sublease shall not be required if (1) the sublease provides that the sublessee will not take any action in derogation of Lessee's obligations hereunder, (2) a copy of the sublease is filed with Lessor and the Trustee, (3) the term of the sublease coincides with the term of this Lease, and (4) either (A) the sublease is to a Governmental Unit or (B) an opinion of Bond Counsel is first filed with the Lessor and the Trustee stating in effect that the sublease will not impair the tax-exempt status of the Bonds.

Section 11.3. Permitted Subleasing by Lessee to MPS. The Lessee is hereby authorized to enter into a sublease to Moorhead Public Service for the first floor of the facilities as more fully set forth in Exhibit D to this Lease.

Section 11.4. Restriction on Mortgage or Sale of Project by Lessee. Lessee will not sell, transfer or convey its interest in the Project or any portion thereof during the Term of this Lease without the written consent of Lessor.

ARTICLE XII

EVENTS OF DEFAULT AND REMEDIES

Section 12.1. Events of Default Defined. The following shall be "events of default" under this Lease and the terms "events of default" and "default" shall mean, whenever they are used in this Lease, with respect to the Project, any one or more of the following events:

(1) Failure by Lessee to pay any Rental Payment or other payment required to be paid under this Lease at the time specified herein and, except in the case of a failure to pay when due any Rental Payment, the continuation of said failure for a period of seven days.

(2) Failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in clause (i) of this section, for a period of thirty days after written notice specifying such failure and requesting that it be remedied has been given to Lessee by Lessor, unless Lessor shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Lessee within the applicable period and diligently pursued until the default is corrected.

(3) The filing by Lessee of a voluntary petition in bankruptcy; or failure by Lessee promptly to lift any execution, garnishment or attachment of such consequence as would impair the ability of Lessee to carry on its governmental or proprietary function; or adjudication of Lessee as a bankrupt; or assignment by Lessee for the benefit of creditors, or the entry by Lessee into an agreement of composition with creditors; or the approval by a court of competent jurisdiction of a petition applicable to Lessee in any proceedings instituted under the provisions of federal bankruptcy laws, or any similar acts which may hereafter be enacted.

(4) The vacation or abandonment by the Lessee of the Project for a period of ninety (90) consecutive days.

The provisions of this section and Section 12.2 are subject to the following limitation: if by reason of force majeure Lessee is unable in whole or in part to carry out its obligations under this Lease with respect to the Project, other than its obligation to pay Rental Payments with respect thereto, which shall be paid when due notwithstanding the provisions of this paragraph, Lessee shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of nature; strikes, lockouts or other labor disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or the State or their respective departments, agencies or officials, or any civil or military authority; insurrections; riots, landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of Lessee and not resulting from its negligence. Lessee agrees, however, to remedy with all reasonable dispatch the cause or causes preventing Lessee from carrying out its obligations under this Lease; provided that the settlement of strikes, lockouts and other labor disturbances shall be entirely within the discretion of Lessee and Lessee shall not be required to make settlement of strikes, lockouts and other labor disturbances by acceding to the demands of the opposing party or parties when such course is, in the reasonable judgment of Lessee, unfavorable to Lessee.

Section 12.2. Remedies on Default. Whenever any event of default referred to in Section 12.1 shall have happened and be continuing with respect to the Project, the Lessor, shall have the right, at its option and without any further demand or notice, to take one or any combination of the following remedial steps:

(1) Lessor, with or without terminating this Lease, may declare all Rental Payments due or to become due during the Term of the Lease to be immediately due and payable by Lessee, whereupon such Rental Payments shall be immediately due and payable. If Lessor has not terminated the Lease and has not declared all Rental Payments immediately due and payable and if Lessee has cured the event of default and has paid the late charge provided in Section 12.6, if applicable, the Lessee shall be restored to its former position before the event of default occurred.

(2) Lessor, with or without terminating this Lease, may repossess the Project or any portion thereof by giving Lessee written notice to vacate the Project, whereupon Lessee shall do so in the manner provided in Section 12.3; or in the event Lessee fails to do so within ten (10) days after receipt of such notice, Lessor may enter upon the Project and take possession of the Project and charge Lessee for costs incurred in repossessing such portion of the Project, including reasonable attorneys' fees. Lessee hereby expressly waives any damages occasioned by such repossession.

(3) If the Lessor terminates this Lease and takes possession of the Project or any portion thereof, Lessor shall have the right to lease or sell the Lessor's interests in the Project or any portion thereof, subject to Lessee's fee simple title interest therein, in a commercially reasonable manner at public or private sale in accordance with applicable State laws, and the Lessee agrees to use its best efforts to assist the Lessor in so doing. Lessor shall apply the proceeds of such sale to pay the following items in the following order; (a) all costs incurred in securing possession of the Project and prepayment of the Bonds; (b) all expenses incurred in completing the sale; and (c) the balance of any accrued Rental Payments owed by Lessee.

(4) Lessor may take any other remedy available at law or in equity to require Lessee to perform any of its obligations hereunder.

In no event, however, shall the Lessee be liable under this Article XII for Rental Payments (or the equivalent thereof) in excess of the moneys appropriated by it on a yearly basis (other than for any additional Rental Payments due if the Lessee occupies the Project after termination of this Lease pursuant to Section 4.3).

Section 12.3. Return of Project. Upon the termination of this Lease prior to the payment of all Rental Payments in accordance with Exhibit B, Lessee, shall vacate the Project in the condition, repair, appearance and working order required in Section 7.2, reasonable wear and tear, damage by the elements and insured damage excepted in the following manner as may be specified by Lessor; (i) by executing such documents as Lessor reasonably deems necessary to transfer all of Lessee's right, title and interest under this Lease in and to the Project to Lessor and (ii) by paying all reasonable costs and expenses whether incurred by the Lessor or Trustee (including attorneys fees) with respect to such transfer of the Property, provided that nothing herein shall limit the rights of the Lessee as fee owner of the Land subject to the rights of the Lessor under the Lease. If Lessee refuses to return the Project in the manner designated, Lessor may repossess the Project and charge to Lessee the costs of such repossession or pursue any remedy described in Section 12.2.

Section 12.4. No Remedy Exclusive. No remedy conferred upon or reserved to Lessor by this Article is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof but any such right and power may be exercised from time to time and as often as may be deemed expedient by Lessor or the Trustee.

Section 12.5. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Lease should default under any of the provisions hereof and the non-defaulting party or Trustee should employ attorneys and/or incur other expenses for the collection of moneys or for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the non-defaulting party or Trustee, as the case may be, the reasonable fees and expenses of such attorneys and/or such other reasonable expenses so incurred by the non-defaulting party or Trustee.

Section 12.6. Late Charge. Whenever any event of default referred to in Section 12.1, clause (i), hereof shall have happened and be continuing with respect to the Project, Lessor shall have the right, at its option and without any further demand or notice, to require a late payment charge equal to four percent (4.0%) of the delinquent amount or such lesser amount as may be permitted by Minnesota law if four percent (4.0%) exceeds the applicable limit under Minnesota law, and Lessee shall be obligated to pay the same immediately upon receipt of Lessor's written invoice therefor; provided, however, that this section shall not be applicable if or to the extent that the application thereof would affect the validity of this Lease.

Section 12.7. Effect of Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE XIII

ADMINISTRATIVE PROVISIONS

Section 13.1. Notices. All notices, certificates, legal opinions or other communications hereunder shall be sufficiently given and shall be deemed given if personally delivered or if telecopied or delivered by overnight express mail, with a copy to be sent by first class U.S. mail, postage prepaid, to the addresses specified in Section 13.07 of the Indenture; provided that Lessor and Lessee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates, legal opinions or other communications will be sent.

Section 13.2. Financial Information. Lessee shall annually provide Lessor and, upon request, the Trustee, with current financial statements and budgets, and such other financial information relating to the ability of Lessee to continue this Lease as may be requested by Lessor or the Trustee. The Trustee will have no duty to review or analyze any such financial statements. The Trustee will not be deemed to have notice of any information contained therein or event of default which may be disclosed in any manner therein. Compliance by the Lessee with its continuing disclosure obligation under the Authorizing Resolution and Continuing Disclosure Undertaking, as required by Rule 15c2-12 of the Securities and Exchange Commission promulgated pursuant to the Securities Exchange Act of 1934, as amended, will be deemed sufficient to satisfy the requirements of this Section 13.2.

Section 13.3. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns.

Section 13.4. Severability. In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.5. Amendments, Changes and Modifications. This Lease may be amended or any of its terms modified only by written document duly authorized, executed and delivered by Lessor and Lessee.

Section 13.6. Captions. The captions or headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provision, Article, Section or Clause of this Lease.

Section 13.7. Further Assurances and Corrective Instruments. Lessor and Lessee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project hereby leased or intended so to be, or for otherwise carrying out the expressed intention of this Lease.

Section 13.8. Execution In Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.9. Applicable Law. This Lease shall be governed by and construed in accordance with the laws of the State.

IN WITNESS WHEREOF, Lessor and Lessee have respectively caused this Lease to be duly executed in their names and on their behalf by their duly authorized representatives.

MOORHEAD ECONOMIC
DEVELOPMENT AUTHORITY
Lessor

By ________________________________
Its President

By ________________________________
Its Secretary

STATE OF MINNESOTA)
) ss.
COUNTY OF CLAY)

The foregoing instrument was acknowledged before me on ____________, 2026, by ______________________and ________________, the President and the Secretary, respectively, of the Moorhead Economic Development Authority, a public body corporate and politic of the State of Minnesota, on behalf of said Authority.

____
Notary Public

Signature and Notary page to Lease Agreement.

CITY OF MOORHEAD, MINNESOTA
Lessee

By ________________________________
Its Mayor

By ________________________________
Its City Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF CLAY)

The foregoing instrument was acknowledged before me on _______________, 2026, by ______________________ and __________________________, the Mayor and City Manager, respectively, of City of Moorhead, Minnesota, a municipal corporation and political subdivision of the State of Minnesota, on behalf of said City.

____
Notary Public

Signature and Notary page to Lease Agreement.

EXHIBIT A

DESCRIPTION OF LAND, PROJECT IMPROVEMENTS AND PROJECT EQUIPMENT

Part I
Land

The real property located in the City of Moorhead, Clay County, Minnesota with the following legal description:

> Lot 3, Block 6, Moorhead Downtown Addition, Clay County, Minnesota, according to the recorded plat thereof.

Part II
Project Improvements

All buildings, structures, improvements and fixtures located on or to be purchased, constructed, renovated, bettered, enlarged, and otherwise improved on the Land (more specifically defined in Section 1.1 of this Lease).

Part III
Project Equipment

All items of machinery, equipment and other personal property installed or to be acquired for installation in the Project (more specifically defined in Section 1.1 of this Lease).

EXHIBIT B

SCHEDULE OF RENTAL PAYMENTS

Moorhead Economic Development Authority
$25,465,000 Lease Revenue Bonds, Series 2026A
(City of Moorhead, Minnesota Lease Obligation)

[To be inserted after bond sale].

EXHIBIT C

DRAW REQUEST CERTIFICATE

I, _________________ of City of Moorhead, Minnesota hereby requisition from the Construction Fund created by a Indenture of Trust (the "Indenture"), dated as of March 10, 2026, between the Moorhead Economic Development Authority (the "Authority") and U.S. Bank Trust Company, National Association, as Trustee, relating to the issuance by the Authority of $25,465,000 Lease Revenue Bonds, Series 2026A (City of Moorhead, Minnesota, Lease Obligation) and in accordance with Section 3.3 of the Lease Agreement dated March 10, 2026 between the Authority and City of Moorhead, Minnesota (the "Lease"), the sums indicated in Exhibit A to be paid to the parties listed therein in payment and/or reimbursement for payment for the work described therein. A copy of each bill setting forth each item of Project Cost to be paid or reimbursed (and in the case of reimbursement evidence of payment of such item of Cost) as herein provided is attached hereto and incorporated herein by reference.

I HEREBY CERTIFY THAT:

(a) each item of Project Cost for which payment or reimbursement is herein requested was necessary in connection with the Project and has not formed the basis for any previous payment from the Construction Fund;

(b) with respect to all Project Cost items incurred under any construction contract providing for the retention of a portion of the contract price, the total amount certified for payment or reimbursement of such Project Costs does not exceed the net contract price after deducting any portion to be withheld.

____
City Representative

Schedule of Amounts Due and Payable From Construction Fund Directly to Named Payees:

Name and Address of Payee	Payment Requested	Work Done by Payee

Schedule of Amounts Due and Payable To City From Construction Fund as Reimbursement for Payment by City:

Name and Address of Payee	Work Done by City	Paid by City	Reimbursement Requiested

EXHIBIT D

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Undertaking") is executed and delivered by the City of Moorhead, Minnesota (the "City"), in connection with the issuance by the Moorhead Economic Development Authority (the "Authority") of its $25,465,000 Lease Revenue Bonds, Series 2026A (City of Moorhead, Minnesota Lease Obligation) (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust dated as of __________, 2026, between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Indenture"). Pursuant to a Parameters Resolution adopted by the Board of Commissioners of the Authority on February 2, 2026, the Authority approved the form of the Indenture. Pursuant to an Authorizing Resolution adopted by the City Council of the City on January 26, 2026, the City approved this Undertaking and, therefore, the City covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the City for the benefit of the Owners and in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5). Although the Authority is the issuer of the Bonds, it is not an "obligated person" subject to the disclosure requirements under the Rule because (i) the Bonds are payable from lease payments to be made by the City, and (ii) financial information and operating data set forth in the Official Statement relates only to the City.

SECTION 2. Definitions. In addition to the defined terms set forth in the Parameters Resolution, which apply to any capitalized term used in this Disclosure Undertaking, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the City pursuant to, and as described in Sections 3 and 4 of this Disclosure Undertaking.

"Audited Financial Statements" shall mean the financial statements of the City audited annually by an independent certified public accounting firm, prepared pursuant to generally accepted accounting principles promulgated by the Financial Accounting Standards Board, modified by governmental accounting standards promulgated by the Government Accounting Standards Board.

"Authorizing Resolution" shall mean the resolution or resolutions adopted by the Governing Body of the Authority providing for, and authorizing the issuance of, the Bonds.

"City" means the City of Moorhead, Minnesota, which is the obligated person with respect to the Bonds.

"Dissemination Agent" shall mean such party from time to time designated in writing by the City to act as information dissemination agent and which has filed with the City a written acceptance of such designation.

"EMMA" means the Electronic Municipal Market Access system operated by the MSRB as the primary portal for complying with the continuing disclosure requirements of the Rule.

"Financial Obligation" means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Financial Statements" means audited or, if unavailable, unaudited general purpose financial statements of the Issuer prepared in accordance with generally accepted accounting principles, as in effect from time to time or as required to be modified as a matter of law. If unaudited financial statements are provided, audited financial statements will be provided when and if available.

"Final Official Statement" means the deemed final official statement dated ___________, 2026, delivered in connection with the Bonds, which is available from the MSRB.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" shall, with respect to the Bonds, have the meaning given that term in Minnesota Statutes, Section 475.51, Subdivision 9.

"Material Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, D.C.

"Occurrence(s)" shall mean any of the events listed in Section 5 of this Disclosure Undertaking.

"Official Statement" shall be the Official Statement dated March __, 2026, prepared in connection with the Bonds.

"Owner" means the person in whose name Bond is registered or a beneficial owner of such a Bond.

"Participating Underwriter" means any of the original underwriter(s) of the Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Bonds.

"Repository" means EMMA.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

"SEC" means Securities and Exchange Commission.

SECTION 3. Provision of Annual Reports.

(a) Beginning in connection with the Fiscal Year ending on December 31, 2026, the City shall, or shall cause the Dissemination Agent to provide to the MSRB by filing at www.emma.msrb.org, together with such identifying information as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking by not later than December 31, 2027, and by December 31 of each year thereafter.

b. If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall send a notice of such delay and estimated date of delivery to the MSRB.

SECTION 4. Content and Format of Annual Reports. The City's Annual Report shall contain or incorporate by reference the financial information and operating data pertaining to the City listed below as of the end of the preceding Fiscal Year. The Annual Report may be submitted to the MSRB as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Disclosure Undertaking.

The following financial information and operating data shall be supplied:

(a) An update of the operating and financial data of the type of information contained in the Official Statement under the captions: Economic and Financial Information – "Valuations," "Tax Capacity Rates" and "Tax Levies and Collections;" and Summary of Debt and Debt Statistics.

(b) Audited Financial Statements of the City. The Audited Financial Statements of the City may be submitted to the MSRB separately from the balance of the Annual Report. In the event Audited Financial Statements of the City are not available on or before the date for filing the Annual Report with the MSRB as set forth in Section 3(a) above, unaudited financial statements shall be provided as part of the Annual Report. The accounting principles pursuant to which the financial statements will be prepared will be pursuant to generally accepted accounting principles promulgated by the Financial Accounting Standards Board, as such principles are modified by the governmental accounting standards promulgated by the Government Accounting Standards Board, as in effect from time to time. If Audited Financial Statements are not provided because they are not available on or before the date for filing the Annual Report, the City shall promptly provide them to the MSRB when available.

SECTION 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notice of the occurrence of any of the following events (AMaterial Events@) with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with

respect to the tax status of the security, or other material events affecting the tax status of the security;

7. Modification to rights of security holders, if material;
8. Bond Calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities, if material;
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the obligated person;
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer shall file a notice of such occurrence with the Repository or with the MSRB within ten business days of the occurrence of the Material Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

SECTION 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds.

SECTION 7. Agent. The City may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such agent, with or without appointing a successor dissemination agent.

SECTION 8. Amendment: Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the City may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertakings to violate the Rule. This Disclosure Undertaking, or any provision hereof, shall be null and void in the event that the Issuer delivers to the Repository an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Disclosure Undertaking are invalid, have been repealed retroactively, or otherwise do not apply to the Bonds. The provisions of this Disclosure Undertaking may be amended without the consent of the Owners of the Bonds, but only upon the delivery by the City to the Repository of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Disclosure Undertaking and by the City with the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Requested Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Requested Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Undertaking, the City shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Requested Report or notice of occurrence of a Material Event.

SECTION 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Undertaking, any Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an event of default with respect to the Bonds and the sole remedy under this Disclosure Undertaking in the event of any failure of the City to comply with this Disclosure Undertaking shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. Counterparts. This Disclosure Undertaking may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 13. Choice of Law. This Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Minnesota, provided that to the extent this Disclosure Undertaking addresses matters of federal securities laws, including the Rule, this Disclosure Undertaking shall be construed in accordance with such federal securities laws and official interpretations thereof.

SECTION 14. Severability. If any portion of this Disclosure Undertaking shall be held invalid or inoperative, then, so far as is reasonable and possible (i) the remainder of this Disclosure Undertaking shall be considered valid and operative, and (ii) effect shall be given to the intent manifested by the portion held invalid or inoperative.

SECTION 15. Reserved Rights. The City reserves the right to discontinue providing any information required under the Rule if a final determination should be made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful or, subject to the provisions of Section 8 hereof, to modify the undertaking under this Disclosure Undertaking if the City determines that such modification is required by the Rule or by a court of competent jurisdiction.

SECTION 16. Captions, Tables, and Headings. The captions, titles, and headings used in this Disclosure Undertaking are for convenience only and shall not be construed in interpreting this Disclosure Undertaking .

IN WITNESS WHEREOF, I have executed this Disclosure Undertaking in my official capacity effective March ___, 2026.

CITY OF MOORHEAD

____
Dan Mahli
City Manager

January 21, 2026

Pre-issuance report for

Moorhead Economic Development Authority, Minnesota

$25,465,000 Lease Revenue Bonds, Series 2026A (City of Moorhead, MN Lease Obligation) (the "Bonds")

PREPARED BY
Baker Tilly Municipal Advisors, LLC
30 East 7th Street, Suite 3025
St. Paul, MN 55101

ADVISOR
Chris Hogan | Director
651-223-3034
Chirs.hogan@bakertilly.com

Issue summary

PROPOSED ISSUE

The Moorhead Economic Development Authority (the "Authority") and the City of Moorhead (the "City") has under consideration the issuance of Bonds to (i) finance renovations to the existing city hall building and (ii) pay costs of issuance on the Bonds. This document provides information relative to the proposed issuance.

AUTHORITY

The Bonds are being issued pursuant to Minnesota Statutes, Sections 465.71, 469.041 and Sections 469.090 through 469.1082 and Chapter 475; a Trust Indenture (the "Indenture") by and between the Authority and U.S. Bank National Association, St. Paul, Minnesota (the "Trustee"); a Lease-Purchase Agreement by and between the Authority and the City (the "Lease"); a Sublease by and between the City and Moorhead Public Services ("MPS"); a Bond resolution to be adopted by the Authority (the "Authority Resolution") on February 2, 2026; and a resolution to be adopted by the City (the "City Resolution") on January 26, 2026.

SECURITY/SOURCE OF PAYMENT

The Bonds will be special, limited obligations of the Authority payable from rental payments to be received by the Authority from the City pursuant to the Lease. The City's obligation under the Lease is subject to annual appropriation.

Pursuant to the Sub lease, Moorhead Public Services is obligated to annually pay the City $250,000 over 20 years ($5,000,000 total) starting in 2027.

The City will levy taxes to make the lease payments. The City will make their first levy in 2026 for collection in 2027. The February 1, 2027 interest payment net of MPS's payment will be paid with cash on hand by the City.

FINANCING STRUCTURE

In consultation with the Authority, City and MPS the Bonds are structured over a term of 20 years (19 principal payments) structured around the MPS contributions to result in a level annual levy requirement.

PARAMETER LIMIT

As part of the Parameters Resolution to be adopted by the EDA on February 2, 2026, the authority to award the sale of the Bonds has been delegated to a Pricing Committee, subject to the following parameters: (i) the principal amount may not exceed $27,000,000, plus any premium, (ii) the true interest cost (TIC) may not exceed 5.50% and (iii) the final maturity date of the Bonds is not later than February 1, 2046.

The Pricing Committee is the President of the EDA Board, the City Manager, and the Assistant City Manager.

Issue terms

BANK QUALIFICATION

The Bonds exceeds the $10 million limit for tax-exempt obligations in 2026; therefore the Bonds are not designated as bank qualified.

PREMIUM

The outcome of this financing will rely on the market conditions at the time of the sale. Any projections included herein are estimates based on current market conditions.

Estimated interest rates applied in the structuring of the Bonds are based on current market conditions and assume a reoffering premium. The underwriter will take their compensation from the reoffering premium and any remaining premium can be used to downsize the issue, applied to additional project needs or deposited to the debt service fund. Our preliminary bond structure has applied the estimated premium to financing project needs thereby reducing the principal amount of the Bonds. Determination of the use of premium, if received, will be made by the City prior to or on the day of sale.

OPTIONAL REDEMPTION

Bonds maturing on February 1, 2036 may be prepaid at a price of par plus accrued interest on or after February 1, 2037.

Rating

An application will be made to Moody's Investor Services for a rating on the Bonds. The City's general obligation debt is currently rated Aa2 by Moody's. The City currently does not have any lease revenue subject to annual appropriation, but we believe it will be rated one notch below the general obligation rating.

Issuance timeline

City Council considers Resolution requesting the Authority to issue the Bonds and enter into a Lease Purchase Agreement	January 26, 2026
Authority Board considers: 1. **Parameters Resolution (i) authorizing the sale of the Bonds, (ii) delegating Pricing Committee and (iii) establishing parameters** 2. Authorizing the execution and delivery of a Lease Agreement and Indenture of Trust	February 2, 2026
Questions from Moody's sent to the City	Week of February 16, 2026
Competitive proposals are received	March 10, 2026 @ 10 am

Pricing Committee awards sale of the Bonds	March 10, 2026 (Following the Sale)
Settlement of the bond and receipt of proceeds	April 2, 2026

Post issuance

The issuance of the Bonds will result in post-issuance compliance responsibilities. The responsibilities are in two primary areas: (i) compliance with federal arbitrage requirements and (ii) compliance with secondary disclosure requirements.

ARBITRAGE/REBATE

Federal arbitrage requirements include a wide range of implications that have been taken into account as this issue has been structured. Post-issuance compliance responsibilities for this tax-exempt issue include both rebate and yield restriction provisions of the IRS Code. In general terms the arbitrage requirements control the earnings on unexpended bond proceeds, including investment earnings, moneys held for debt service payments (which are considered to be proceeds under the IRS regulations), and/or reserves. Under certain circumstances any “excess earnings” will need to be paid to the IRS to maintain the tax-exempt status of the Bonds. Any interest earnings on gross bond proceeds or debt service funds should not be spent until it has been determined based on actual facts that they are not “excess earnings” as defined by the IRS Code.

The arbitrage rules provide for spend-down exceptions for proceeds that are spent within either a 6-month, 18-month or, for certain construction issues, a 24-month period each in accordance with certain spending criteria. Proceeds that qualify for an exception will be exempt from rebate. These exceptions are based on actual expenditures and not based on reasonable expectations, and expenditures, including any investment proceeds will have to meet the spending criteria to qualify for the exclusion. The Authority and City expects to meet the 24-month spending exception.

Regardless of whether the issue qualifies for an exemption from the rebate provisions, yield restriction provisions will apply to Bond proceeds (including interest earnings) unspent after three years and the debt service fund throughout the term of the Bonds. These moneys should be monitored until the Bonds are retired.

CONTINUING DISCLOSURE

Secondary disclosure requirements result from an SEC requirement that underwriters provide ongoing disclosure information to investors. The City, as the obligated person, will commit to providing the information needed to comply under a continuing disclosure agreement. The City and the Authority has contracted with Baker Tilly to provide post issuance
compliance services for the Bonds related to arbitrage and continuing disclosure.

Finance team

The issuance of the Bond will require the work of various other public finance professionals. Fees for these professionals shall be paid by proceeds of this issuance unless directed otherwise by the Authority and City. The following professionals and their role have been identified below:

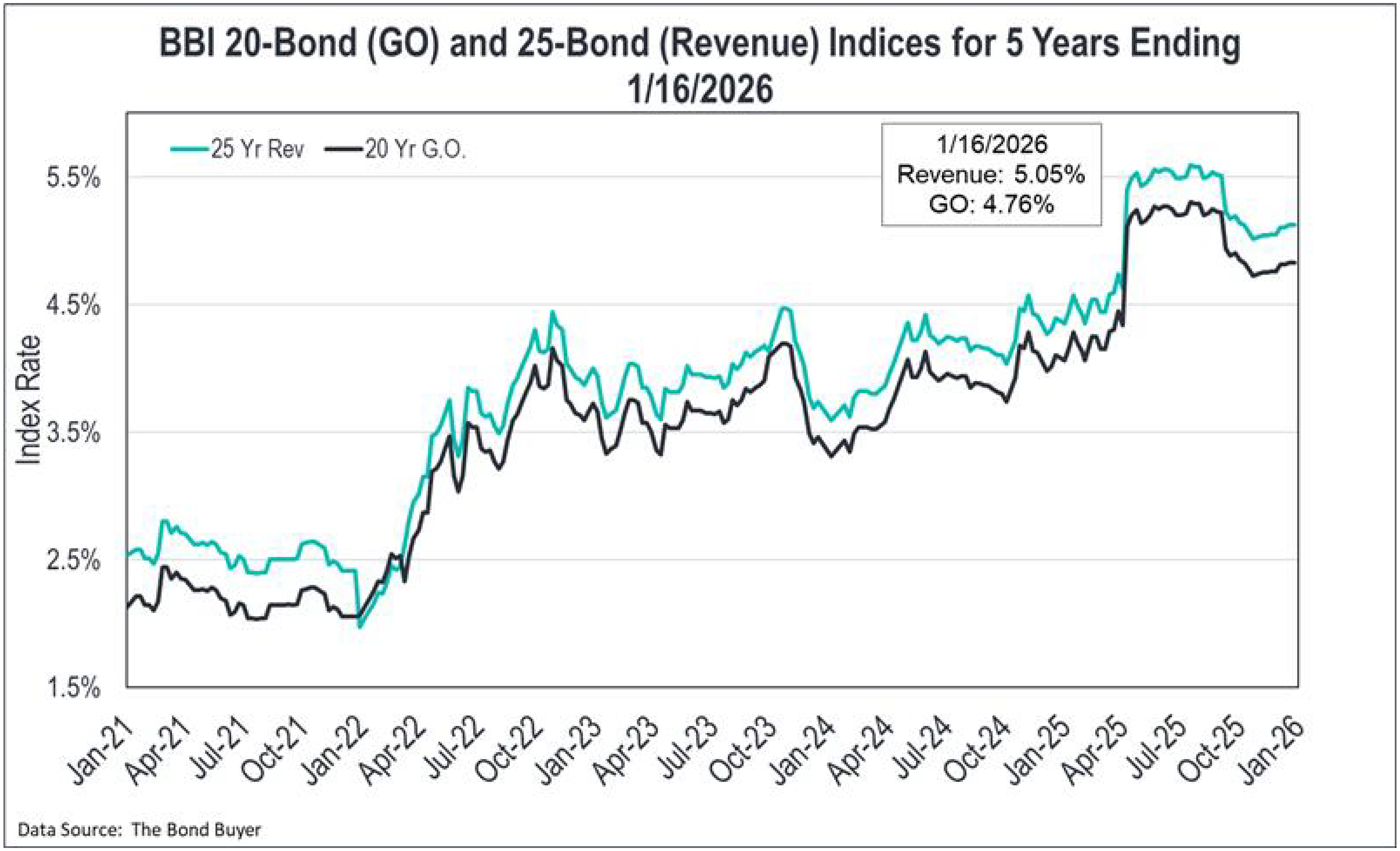
Bond Counsel: Ohnstad Twichell
Municipal Advisor: Baker Tilly Municipal Advisors, LLC
Trustee: US Bank

Attachments

1. Bond Buyer Index
2. Bond Schedules
    a. Sources & Uses
    b. Pricing Summary
    c. Net DS Schedule

Attachment 1) Bond Buyer Index

Performance of the tax-exempt market is often measured by the Bond Buyer's Index ("BBI") which measures the yield of high grade municipal bonds in the 20th year for general obligation bonds rated Aa2 by Moody's or AA by S&P (the BBI 20-Bond GO Index) and the 30th year for revenue bonds rated A1 by Moody's or A+ by S&P (the BBI 25-Bond Revenue Index). The following chart illustrates these two indices over the past five years:



Attachment 2) Bond Schedules

$25,465,000

Economic Development Authority of the City of Moorhead, MN

Lease Revenue Bonds, Series 2026A (City of Moorhead, MN Lease Agreement)

Sources & Uses

Dated 04/02/2026 | Delivered 04/02/2026

Sources Of Funds	
Par Amount of Bonds	$25,465,000.00
Reoffering Premium	908,236.80
Total Sources	**$26,373,236.80**

Uses Of Funds	
Deposit to Project Construction Fund	26,000,000.00
Total Underwriter's Discount (0.800%)	203,720.00
Costs of Issuance	169,350.00
Rounding Amount	166.80
Total Uses	**$26,373,236.80**

Attachment 2) Bond Schedules

$25,465,000

Economic Development Authority of the City of Moorhead, MN

Lease Revenue Bonds, Series 2026A (City of Moorhead, MN Lease Agreement)

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
02/01/2028	Serial Coupon	5.000%	3.050%	855,000.00	103.442%	884,429.10
02/01/2029	Serial Coupon	5.000%	3.030%	895,000.00	105.301%	942,443.95
02/01/2030	Serial Coupon	5.000%	3.010%	940,000.00	107.144%	1,007,153.60
02/01/2031	Serial Coupon	5.000%	3.040%	990,000.00	108.739%	1,076,516.10
02/01/2032	Serial Coupon	5.000%	3.100%	1,040,000.00	110.059%	1,144,613.60
02/01/2033	Serial Coupon	5.000%	3.220%	1,090,000.00	110.831%	1,208,057.90
02/01/2034	Serial Coupon	5.000%	3.230%	1,145,000.00	112.155%	1,284,174.75
02/01/2035	Serial Coupon	5.000%	3.320%	1,200,000.00	112.762%	1,353,144.00
02/01/2036	Serial Coupon	5.000%	3.440%	1,260,000.00	112.913%	1,422,703.80
02/01/2037	Serial Coupon	3.740%	3.740%	1,325,000.00	100.000%	1,325,000.00
02/01/2038	Serial Coupon	3.950%	3.950%	1,375,000.00	100.000%	1,375,000.00
02/01/2039	Serial Coupon	4.130%	4.130%	1,430,000.00	100.000%	1,430,000.00
02/01/2040	Serial Coupon	4.320%	4.320%	1,490,000.00	100.000%	1,490,000.00
02/01/2041	Serial Coupon	4.390%	4.390%	1,550,000.00	100.000%	1,550,000.00
02/01/2042	Serial Coupon	4.470%	4.470%	1,620,000.00	100.000%	1,620,000.00
02/01/2043	Serial Coupon	4.580%	4.580%	1,695,000.00	100.000%	1,695,000.00
02/01/2044	Serial Coupon	4.660%	4.660%	1,770,000.00	100.000%	1,770,000.00
02/01/2045	Serial Coupon	4.700%	4.700%	1,855,000.00	100.000%	1,855,000.00
02/01/2046	Serial Coupon	4.750%	4.750%	1,940,000.00	100.000%	1,940,000.00
Total	**-**	**-**	**-**	**$25,465,000.00**	**-**	**$26,373,236.80**

Bid Information

Par Amount of Bonds	$25,465,000.00
Reoffering Premium or (Discount)	908,236.80
Gross Production	$26,373,236.80
Total Underwriter's Discount (0.800%)	$(203,720.00)
Bid (102.767%)	26,169,516.80
Total Purchase Price	$26,169,516.80
Bond Year Dollars	$309,635.10
Average Life	12.159 Years
Average Coupon	4.5621907%
Net Interest Cost (NIC)	4.3346594%
True Interest Cost (TIC)	4.2567280%

Attachment 2) Bond Schedules

$25,465,000

Economic Development Authority of the City of Moorhead, MN

Lease Revenue Bonds, Series 2026A (City of Moorhead, MN Lease Agreement)

NET DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I	MPS Contributions	Levy Required
02/01/2027	-	-	978,354.16	978,354.16	250,000.00	728,354.16
02/01/2028	855,000.00	5.000%	1,177,951.50	2,032,951.50	250,000.00	1,782,951.50
02/01/2029	895,000.00	5.000%	1,135,201.50	2,030,201.50	250,000.00	1,780,201.50
02/01/2030	940,000.00	5.000%	1,090,451.50	2,030,451.50	250,000.00	1,780,451.50
02/01/2031	990,000.00	5.000%	1,043,451.50	2,033,451.50	250,000.00	1,783,451.50
02/01/2032	1,040,000.00	5.000%	993,951.50	2,033,951.50	250,000.00	1,783,951.50
02/01/2033	1,090,000.00	5.000%	941,951.50	2,031,951.50	250,000.00	1,781,951.50
02/01/2034	1,145,000.00	5.000%	887,451.50	2,032,451.50	250,000.00	1,782,451.50
02/01/2035	1,200,000.00	5.000%	830,201.50	2,030,201.50	250,000.00	1,780,201.50
02/01/2036	1,260,000.00	5.000%	770,201.50	2,030,201.50	250,000.00	1,780,201.50
02/01/2037	1,325,000.00	3.740%	707,201.50	2,032,201.50	250,000.00	1,782,201.50
02/01/2038	1,375,000.00	3.950%	657,646.50	2,032,646.50	250,000.00	1,782,646.50
02/01/2039	1,430,000.00	4.130%	603,334.00	2,033,334.00	250,000.00	1,783,334.00
02/01/2040	1,490,000.00	4.320%	544,275.00	2,034,275.00	250,000.00	1,784,275.00
02/01/2041	1,550,000.00	4.390%	479,907.00	2,029,907.00	250,000.00	1,779,907.00
02/01/2042	1,620,000.00	4.470%	411,862.00	2,031,862.00	250,000.00	1,781,862.00
02/01/2043	1,695,000.00	4.580%	339,448.00	2,034,448.00	250,000.00	1,784,448.00
02/01/2044	1,770,000.00	4.660%	261,817.00	2,031,817.00	250,000.00	1,781,817.00
02/01/2045	1,855,000.00	4.700%	179,335.00	2,034,335.00	250,000.00	1,784,335.00
02/01/2046	1,940,000.00	4.750%	92,150.00	2,032,150.00	250,000.00	1,782,150.00
Total	**$25,465,000.00**	**-**	**$14,126,143.66**	**$39,591,143.66**	**$5,000,000.00**	**$34,591,143.66**

Dated	4/02/2026
Delivery Date	4/02/2026
First Coupon Date	2/01/2027

Yield Statistics

Bond Year Dollars	$309,635.10
Average Life	12.159 Years
Average Coupon	4.5621907%
Net Interest Cost (NIC)	4.3346594%
True Interest Cost (TIC)	4.2567280%
Bond Yield for Arbitrage Purposes	4.1704531%
All Inclusive Cost (AIC)	4.3291785%

IRS Form 8038

Net Interest Cost	4.1834591%
Weighted Average Maturity	11.980 Years

City Council Communication

January 26, 2026

SUBJECT:
Resolution to Adopt 2026 City of Moorhead Legislative Priorities

RECOMMENDATION:
It is recommended that the City Council adopt legislative priorities for 2026.

BACKGROUND/KEY POINTS:
The City of Moorhead has a strong interest in state policy and funding decisions that may affect our community and region. The 2026 legislative session opens on February 17. In advance of that time, the City Council is asked to approve a list of specific and general legislative goals and priorities intended to support a high quality of life for Moorhead residents and businesses, respond to competitive disparities due to differences in state policies between border cities, and advance capital projects that benefit the City of Moorhead.

The City Council authorized two capital investment applications which were submitted to the office of Minnesota Management & Budget in June 2025:

- $18.5M for flood mitigation (plus funding for the remaining Minnesota components of the FM Diversion project; total $64.07M)
- $10.0M for wastewater treatment improvements

The Senate and House Capital Investment Committees visited Moorhead in summer and fall 2025 to view and hear presentations on these projects that will be part of the Committees' work during the 2026 legislative session.

With regard to policy matters, it is recommended that the City pursue enhancements to the Border City Enterprise Zone program, a sales tax exemption for City Hall renovation building materials, and legislation that sets the table for Sustainable Aviation Fuel production in Moorhead, as well as supporting initiatives of our local partners that affect our community, including: Moorhead Cultural Mall, Heartland Trail, Jasmin Childcare, Clay County Residential Psychiatric Treatment Center, FM Area Diversion – Clay County & Buffalo-Red River Watershed District components, Passenger Rail Service, and Moorhead educational institutions.

The City's team for legislative advocacy includes the Legislative Workgroup (Mayor Carlson and Council members Nelson and Borgen), City Manager Mahli, Governmental Affairs Director Bode, along with the contract lobbyists from Flaherty & Hood, PA and Fredrikson & Byron, PA.

The City of Moorhead holds active memberships in the League of Minnesota Cities and Coalition of Greater Minnesota Cities and works in alliance with these membership organizations on issue of statewide and greater Minnesota interest, such as housing, annexation and environmental policy, and local government aid.

FINANCIAL CONSIDERATIONS:
N/A

Voting Requirements: Majority of Quorum

City Council Communication

January 26, 2026

Submitted By:
Dan Mahli, City Manager
Lisa Bode, Governmental Affairs Director

Attachments: Draft Resolution

RESOLUTION

Resolution to Adopt 2026 City of Moorhead Legislative Priorities

WHEREAS, the City of Moorhead advocates targeted legislative initiatives to support a high quality of life for Moorhead residents and businesses, to respond to competitive disparities as a Minnesota Border City, and to advance capital projects that benefit the City; and

WHEREAS, the City effectively utilizes the skills of the City's elected officials and staff, together with contracted services of the City's legislative advisors (Flaherty & Hood; Fredrikson & Byron) to advance the City's legislative goals.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Moorhead that they do hereby adopt the City's 2026 State Legislative Goals as follows:

- **Flood Risk Mitigation:** Seek $18.5 million state funding to convert seven high priority lift stations to FEMA/US Army Corps of Engineers risk and reliability standards, completing Moorhead's Comprehensive In-Town Flood Mitigation Plan, and a total of $64.07 million combined for Moorhead, Clay County, and Buffalo Watershed District flood mitigation.
- **Wastewater Treatment Improvements:** Seek $10 million state funding to improve the Wastewater Treatment Facility serving Moorhead and Dilworth
- **Border Cities Legislation:** Pursue modification to the Border City Enterprise Zone law to modernize the program for the current economy.
- **Downtown Center Revitalization:** Pursue sales tax exemption on construction materials for City Hall renovation.
- **Public Safety:** Monitor opportunities and address challenges affecting Moorhead's public safety services.
- **Sustainable Aviation Fuel Facility:** Support state policy efforts to attract sustainable aviation fuel industry to Minnesota and planned Moorhead facility.
- **Partnerships:** Offer support to community partners that are addressing opportunities and challenges that affect Moorhead residents, businesses, and visitors, including the following projects:
    - Moorhead Cultural Mall
    - Heartland Trail
    - Jasmin Childcare
    - Residential Psychiatric Treatment Center
    - FM Area Diversion – Clay County & Buffalo-Red River Watershed District
    - Passenger Rail Service
    - Moorhead educational institutions
- **Recreational Amenities:** Pursue and support local and regional parks and trails that connect Moorhead neighborhoods and surrounding communities.
- **Minnesota Cities Initiatives:** Support legislative activity of Coalition of Greater Minnesota Cities and League of Minnesota Cities consistent with local plans and studies, including Onward Moorhead Comprehensive Plan and Moorhead Strategic Plan.

PASSED: January 26, 2026 by the City Council of the City of Moorhead.

APPROVED BY: ATTEST:

Michelle (Shelly) A. Carlson, Mayor

Christina Rust, City Clerk

City Council Communication

January 26, 2026

SUBJECT:
Resolution to Approve Support of Passenger Rail Service from the Twin Cities to Fargo/Moorhead

RECOMMENDATION:
At the request of All Aboard Minnesota, the Mayor and City Council are asked to approve support to the Minnesota Legislature for funding to expand Passenger Rail Service from the Twin Cities to Fargo/Moorhead.

BACKGROUND/KEY POINTS:
The Minnesota Department of Transportation has identified the Twin Cities to Fargo/Moorhead as a priority corridor in the State Rail Plan. A study was conducted by the Federal Railroad Administration's Amtrak Daily Long-Distance Service. The study recommends a daytime route from the Twin Cities to Fargo/Moorhead. A wide-ranging group of Moorhead residents, including students and senior citizens, would benefit from increased access to rail transport. Additionally, a new rail service is expected to bring jobs and increased economic activity. Amtrak spent roughly $62.9 million on goods, services and wages in Minnesota in 2024.

The new passenger rail service connection between Saint Paul and Chicago has seen very positive results. In the first year, that route carried upwards of 223,000 riders, strengthening economic ties and tourism accessibility. Freight rail lines will see positive impacts of the investment into passenger rail service which will enable faster train speeds, reduced congestion on the tracks and safer railroad crossings for pedestrians and drivers.

Numerous states in the Midwest and the rest of the Country have made investments in passenger rail service for the economic and travel benefits to citizens. Some states include Wisconsin, Illinois, Michigan, Missouri, Ohio, Virginia, California, Oregon, Maine and North Carolina.

FINANCIAL CONSIDERATIONS:
N/A

Voting Requirements: Majority of Quorum

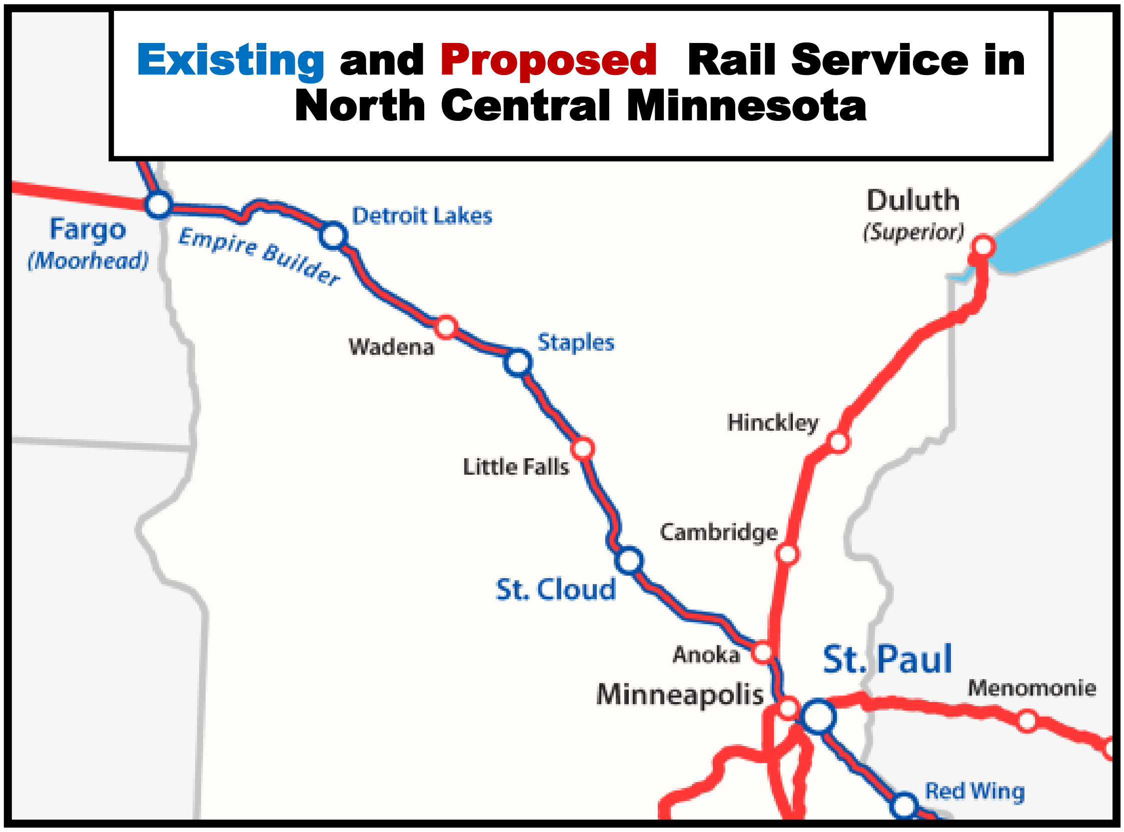
Submitted By:
Dan Mahli, City Manager
Lisa Bode, Governmental Affairs Director

Attachments: All Aboard Minnesota Briefings (3)
Draft Resolution

ALL ABOARD MINNESOTA

Proposing an additional daytime passenger train between the Twin Cities and Fargo/ Moorhead

Map and proposed schedule showing additional station stops at Wadena, Little Falls, Anoka, Coon Rapids (Foley Blvd) and Minneapolis.



Existing and Proposed Rail Service in North Central Minnesota

Proposed FARGO/ MOORHEAD to the TWIN CITIES

READ DOWN				*READ UP*		
EMPIRE BUILDER		PROPOSED FARGO	STATIONS	PROPOSED FARGO		EMPIRE BUILDER
3:29 AM	Dp	7:00 AM	Fargo	10:30 PM	Ar	4:13 AM
		7:05 AM	Moorhead *(parking)*	10:25 PM		
4:27 AM		8:00 AM	Detroit Lakes	9:28 PM		3:06 AM
-		8:36 AM	Wadena	8:54 PM		-
5:27 AM		9:00 AM	Staples *(Brainerd west)*	8:32 PM		2:10 AM
-		9:30 AM	Little Falls *(Brainerd east)*	8:00 PM		-
6:32 AM		10:00 AM	St Cloud	7:30 PM		1:09 AM
		10:43 AM	Anoka	6:46 PM		
		10:49 AM	Coon Rapids *(Foley Blvd)*	6:40 PM		
		11:02 AM	*(Minneapolis)*	6:27 PM		
8:33 AM	Ar	11:25 AM	St Paul Union Depot	6:00 PM	Dp	11:13 PM

Advocating for additional passenger rail service between Saint Paul and Fargo/Moorhead

All Aboard Minnesota recommends the initiation of a new daytime passenger rail service between Saint Paul and Fargo/Moorhead. This should be a daily state-supported train, supplementing the Empire Builder, one of Amtrak's long-distance trains. All Aboard Minnesota is working with members of Minnesota's House and Senate on a bill directing MnDOT to submit a federal Corridor I.D. grant application to study this corridor (Senate bill no. 2887 and House bill no. 3176).

Details

- The route would connect the Twin Cities metro area (metro population 3.7 million) with the regional centers of St. Cloud (metro population 203,000) and Fargo/Moorhead (metro population 217,000). Possible station stops: Saint Paul, Anoka, St. Cloud, Little Falls, Staples, Wadena, Detroit Lakes, and Fargo/Moorhead.
- The Minnesota State Rail Plan shows this as the fastest growing corridor in Minnesota (page 63).
- Estimate of potential ridership –220,000/year[1]
- Burlington Northern Santa Fe (BNSF) owns this well-maintained corridor and currently hosts passenger rail service on the Empire Builder.

Benefits of passenger rail

- Daily service at a convenient time. The Empire Builder serves Fargo/Moorhead at approximately 3 AM eastbound and westbound.
- A travel alternative to communities not affordably served by airports. The St. Paul to Fargo travel time on passenger rail would be approximately 5 hours (faster than intercity bus service).
- End-to-end service to city downtowns.
- More comfortable seating than intercity bus or airlines and generous baggage policy.

Building on the success of the Borealis

- Ridership on the state-supported Borealis, which began service in May of 2024 between Saint Paul and Chicago exceeded all ridership expectations, carrying 223,000 passengers in its first 12 months!
- In its' first 12 months, approximately 12,000 riders got on and off in both Red Wing and Winona resulting in increased tourism and economic impact in those station cities.
- Amtrak spent $62.9 million on goods, services, and wages in Minnesota in 2024.[2]

Benefits to freight rail

- Spending on infrastructure to enable passenger train service benefits both freight and passenger service by reducing bottlenecks, speeding goods and services, and enhancing grade crossing safety.

[1] Source: MnDOT's Twin Cities to St. Cloud to Fargo/Moorhead Corridor Study. February 2025, page 14.
[2] Source: Amtrak in Minnesota Fiscal Year 2024 State Fact Sheets | Amtrak

Nov 25, 2025

All Aboard Minnesota is a 501 C (3) non-profit advocating for and educating about more rail passenger service in Minnesota and the Upper Midwest. www.allaboardmn.org

ALL ABOARD MINNESOTA

Promoting an expanded passenger rail network in the Upper Midwest

Legislative priority for 2026 session – Passage of HF3176 / SF 2887

1) **Bill provides legislative direction to MnDOT to submit a Corridor I.D. grant application to the Federal Railroad Administration for new daytime passenger rail service between Saint Paul and Fargo/Moorhead.** There is significant support in the communities and towns in this corridor for this service. **Action needed**: Legislation enacted this session to ensure MnDOT will be ready to submit an application when the next round (possibly final round) of federal funding becomes available.

2) **Bill provides legislative direction to MnDOT to submit a Corridor I.D. grant application to the Federal Railroad Administration for new passenger rail service between Saint Paul/Minneapolis and Kansas City** connecting with Amtrak long distance network trains to the south and southwest United States on track already in place and in good condition. **Action needed**: Legislation enacted this session to ensure MnDOT will be ready to submit an application when the next round (possibly final round) of federal funding becomes available.

The bill would just direct MNDOT to submit these applications, no funding is needed for these applications. In a future year, if the Federal Railroad Administration approves one or both of these projects to transition into Phase 2 planning, then the FRA would require a state match of $500,000 per corridor. Phase 2 funding would pay for planning beyond the initial scope in Phase 1 and advance these corridors in the FRA's Corridor ID process.

Why more passenger rail service in Minnesota?

- Demand is already there. The new Borealis service between Saint Paul and Chicago is extremely popular. Ridership has exceeded projections by 50 percent.
- Extending the Borealis to Fargo and implanting service on a Twin Cities to Kansas City route would serve approximately 70% of the Minnesota's population (in a radius of 50 miles).
- The economic benefit to communities served by passenger rail is enormous - with returns three to four times the investment made.
- People ride trains because they don't have a car available, or they don't drive due to age (too young or old) or a disability. Some people simply prefer the comfort of traveling by train. Many Minnesota cities are not conveniently served by air travel.
- Traveling by train is good for the environment and takes vehicle trips off congested roads. And traveling by train is safer than traveling by passenger vehicle.
- Federal law encourages investment in passenger rail. Minnesota wants to continue to apply for competitive federal grants for planning and capital. If we don't, awards will go to other states.

Contact your elected officials

Minnesota Senate

Sen. Scott Dibble, Chair, Senate Transportation Committee - 651-296-4191
Sen. John Jasinski, Lead Republican, Senate Transportation Committee - 651-296-0284
Sen. Erin Murphy, Majority Leader of the Minnesota Senate – 651-296- 5931

Minnesota House

Rep. Erin Koegel, Co-Chair, House Transportation Committee - 651-296-5369
Rep. Jon Koznick, Co-Chair, House Transportation Committee – 651-296-6926
Rep. Lisa Demuth, Majority leader of the Minnesota House - 651-296-4373

Your MN legislators – link to legislative web site - https://www.gis.lcc.mn.gov/iMaps/districts/

Minnesota Governor

Governor Tim Walz - Phone 651-201-3400

Prepared by All Aboard Minnesota - https://www.allaboardmn.org/

Nov 29, 2025 V2

RESOLUTION

Resolution to Approve Support for a New Passenger Rail Service between the Twin Cities and Fargo/Moorhead

WHEREAS, the Twin Cities to Fargo/Moorhead corridor is a priority corridor for intercity passenger rail in the Minnesota Department of Transportation's 2025 State Rail Plan; and

WHEREAS, the Twin Cities to Fargo/Moorhead route is recommended in the Federal Railroad Administration's Amtrak Daily Long-Distance Service Study; and

WHEREAS, the entire Fargo-Moorhead region would benefit from this transportation option, and Moorhead's student, senior, and transit-dependent populations would especially benefit; and

WHEREAS, this growing and congested corridor has strong ridership potential, estimated at 220,000 or greater in a recent MnDOT study; and

WHEREAS, new rail service in this corridor would have a convenient daytime schedule – as compared to the Empire Builder that arrives and departs Fargo at approximately 3 AM and serves other Minnesota cities during inconvenient overnight hours; and

WHEREAS, new rail service in this corridor will connect communities to each other and provide an affordable travel alternative to driving, flying, and busing.

WHEREAS, Amtrak brings jobs and investment to Minnesota - Amtrak spent an estimated $62.9 million on goods, services, and wages in Minnesota in 2024; and

WHEREAS, freight railroads will benefit from the capital investment required for new passenger service, enabling greater train speeds, reduced railroad congestion, and rail crossings that are safer for all users; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Moorhead that it hereby supports new passenger rail service between the Twin Cities and Fargo/Moorhead and requests that the Minnesota Legislature direct MnDOT to submit a Corridor Identification Grant application to the Federal Railroad Administration for this corridor.

PASSED: January 26, 2026 by the City Council of the City of Moorhead.

APPROVED BY:	ATTEST:
______________________________	______________________________
Michelle (Shelly) A. Carlson, Mayor	Christina Rust, City Clerk

City Council Communication

January 26, 2026

SUBJECT:
Resolution to Approve 2026 Tax Increment Interfund Loan

RECOMMENDATION:
The Mayor and City Council are asked to consider a resolution renewing the annual "blanket" Tax Increment Interfund Loan for the year 2026

BACKGROUND/KEY POINTS:
The City of Moorhead and the Moorhead Economic Development Authority (EDA) utilize tax increment finance to facilitate projects which have resulted in the redevelopment of blighted property and/or the construction of low- and moderate-income housing throughout the community. The City/EDA may incur limited consultant costs, such as building/site condition assessments, bond counsel and fiscal advisor review, to determine if the facts of the proposed development meet the statutory thresholds necessary to propose for policy review the establishment of a tax increment financing district. After these investigative elements, the City/EDA may elect to proceed with the establishment of a tax increment district. Such actions cause additional costs to be incurred for the preparation of a tax increment plan, fiscal forecast, and other documents necessary for the establishment of the district.

State tax increment law allows cities and EDAs to be reimbursed, from future increments, certain eligible costs (pre/post district establishment) such as those noted above. Tax Increment Law, as amended in 2001, authorizes interfund advances or loans to be repaid from tax increments, but requires that such interfund loans be first authorized by a resolution of the governing body. The law provides that such approval resolution be general or specific to a tax increment district. Moorhead has established such interfund loans, blanket and/or specific, each year since the law was amended in 2001.

The proposed 2026 Tax Increment Interfund Loan resolution sets forth the source of the interfund loan and its maximum (without amendment) amount, rate, and term (see attached.) Please note that this amount is not to be construed as a pre-approval for various spending actions. It is rather an amount that allows City-approved expenditures (TIF eligible) at or below this level to be reimbursed in the future. Authority for specific spending is contained within approved department budgets or in the case of certain activities, such as land acquisition or contract, may require specific advance approval of the City Council.

FINANCIAL CONSIDERATIONS:
The proposed interfund loan resolution does not allocate nor commit the City to any expenditure. The authority given by resolution approved the establishment of an interfund loan expires at the end of each calendar year.

Voting Requirements: Majority of Council

Submitted By:
Dan Mahli, City Manager
Jenica Flanagan, Finance Director
Amy Thorpe, Economic Development Program Administrator

Attachments: Draft Resolution

RESOLUTION

Resolution to Approve 2026 Tax Increment Interfund Loan

WHEREAS, the City of Moorhead, Minnesota (the "City") and the Moorhead Economic Development Authority (the "EDA") may incur expenditures preliminary to the formation of a tax increment district as well as following the establishment of a tax increment district but in advance of the receipt of tax increments; and

WHEREAS, the City and EDA, in accordance with state law, have utilized tax increments when fist received to reimburse such expenditures; and

WHEREAS, the tax increment law now provides a specific procedure for authorizing and repaying advances that finance tax increment expenditures both before and after the establishment of a tax increment district; and

WHEREAS, the City from time to time has adopted resolutions for interfund loans with respect to specific tax increment districts or proposed tax increment districts, but it is administratively less complex and more comprehensive to provide a general rule as authorized by state law by means of this resolution:

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Moorhead, Minnesota, as follows:

1. Policy. It is the policy of this City that tax increments be utilized to pay administrative and other preliminary or early costs of tax increment districts or proposed tax increment districts. Absent a determination to the contrary by the City Council at the time of payment of administrative or other preliminary or early costs of tax increment districts or proposed tax increment districts, such payment shall be made as an interfund loan pursuant to this blanket resolution, and the accounting records of the City and EDA shall recognize and reflect each such expenditure as an interfund loan.

2. Maximum Amount. The maximum amount of interfund loans made pursuant to this blanket resolution shall initially be $250,000. The City's finance director shall keep the City Council appraised of the total amount of interfund loans made pursuant to this resolution, and as the maximum amount, or prior amended maximum amount, is neared shall recommend to this City Council an amendment to this blanket resolution that will increase the maximum amount of interfund loans authorized hereby.

3. Interfund Loans. Interfund Loans (the "Loans") shall be made from the City's general fund or other funds of the City to the tax increment account of the appropriate tax increment district for the purpose of paying public costs of redevelopment. The Loans shall be repaid from tax increments or from the proceeds of tax increment bonds; provided that later proceeding may provide a priority of payment for the Loans if they are repaid directly from tax increments.

4. Terms. The Loans shall bear interest at the rate of 7% (or the maximum rate permitted by the Minnesota Statutes, Section 469.178, Subdivision 7, if at the time of an advance such maximum rate is less than 8%), payable when the principal is repaid. The Loans shall have a maximum term which correlates to the date of the last receipt of tax increment from the respective TIF District; provided that later proceedings when other uses of tax increments are known may provide more specific payment or prepayment timing for the principal of the Loans and the interest thereon.

5. No Notes. The Loans shall not be evidenced by any note or writing other than this resolution and the City's accounting records.

PASSED: January 26, 2026 by the City Council of the City of Moorhead.

APPROVED BY:	ATTEST:
______________________________	______________________________
Michelle (Shelly) A. Carlson, Mayor	Christina Rust, City Clerk

City Council Communication

January 26, 2026

SUBJECT:
Resolution to Accept 2025 Donations

RECOMMENDATION:
The Mayor and City Council are asked to approve a resolution accepting various donations/gifts on behalf of the City.

BACKGROUND/KEY POINTS:
Minnesota Statutes Section 465.03 allows the City to accept donations of real and personal property by resolution with an affirmative vote of two-thirds of the members of the City Council. Procedures are in place to manage the acceptance of donations, which include the approval of an annual resolution to allow the City Manager to accept smaller donations and resolutions throughout the year for the City Council to approve larger donations. In both cases the City Council is provided with a list of donations for approval by resolution for all donations to the City.

FINANCIAL CONSIDERATIONS:
In an effort to minimize the administrative time involved with asking the City Council to approve separate resolutions for every donation, a resolution accepting 2025 gifts/donations is presented to the City Council.

Voting Requirements: 2/3 of Council (6)

Submitted By:
Dan Mahli, City Manager
Tara Nielsen, Executive Assistant

Attachments:

RESOLUTION

Resolution to Accept 2025 Donations

WHEREAS, the City of Moorhead is generally authorized to accept donations of real and personal property pursuant to Minnesota Statutes Section 465.03 et seq. for the benefit of its citizens; and

WHEREAS, cities may accept gifts of real or personal property, including money and use them in accordance with the terms described by the donor; however, a municipality may not accept or use donations for religious or sectarian purposes; and

WHEREAS, under Minnesota Statute 465.03, a resolution accepting donations and the terms for such, requires an affirmative vote of two-thirds of the members of the Council; and

Name of Donor	Amount	Terms & Conditions
Ken's Sanitation & Recycling Inc	$100	DARE
Michael Burns Architects	$200	DARE
Mick's Scuba	$50	DARE
Town & Country Oil Co	$250	DARE
Shih Restaurant Group LLC	$100	DARE
CB & Sons Electric Inc	$100	DARE
VFW Auxiliary	$250	DARE
Jon A Kverno	$12	DARE
Susan Gorham	$100	Dog Park
Moorhead Parks	$406	Doggy Dip
Scherling Photography	$557.93	Employee/Volunteer Appreciation
Scherling Photography	$961.36	Employee/Volunteer Appreciation
Moorhead Business Association	$1,427.26	K-9 Program
Minnesota Masonic Charities	$1,800	K-9 Program
Order of Eastern Star	$1,800	K-9 Program
West Central Initiative	$650	Global & Farmers Market
Choice Bank	$2,500	Library/Community Center
John & Nadine Glas	$500	Library/Community Center
Goldmark Commercial Real Estate Inc	$1,000	Library/Community Center
Northern Lights Library Network	$15,000	Library/Community Center
Friends of the Moorhead MN Library	$12,500	Library/Community Center
Depree Mahli Inc	$1,000	Library/Community Center
Candace Allen	$100	Library/Community Center
Donna Anderson	$100	Library/Community Center
Vicki Bowe	$100	Library/Community Center
Betty Fiemann	$100	Library/Community Center
Karen M Gebhart	$50	Library/Community Center
Karijo H Hanson	$50	Library/Community Center
Shelia Kenyon Hastings	$200	Library/Community Center
Mark J or Stephenie R Herbranson	$100	Library/Community Center
James Hurley	$100	Library/Community Center
Diane K Johnson	$50	Library/Community Center
Linda L Johnson	$100	Library/Community Center
Gerald P Koenig	$100	Library/Community Center

Thomas G Magin	$50	Library/Community Center
Connie E Nick	$100	Library/Community Center
Sherill Ohe	$100	Library/Community Center
Cheryl Olson	$35	Library/Community Center
Karen R Oothoudt	$50	Library/Community Center
David M Pretty	$100	Library/Community Center
Patrick P Rieder	$100	Library/Community Center
Mary E Ritter	$100	Library/Community Center
Guadalupe A Steinert	$50	Library/Community Center
Patricia L Swedberg	$100	Library/Community Center
Gary or Diane Thiel	$50	Library/Community Center
Carmen R Walter	$100	Library/Community Center
D & M Industries	$10,000	Library/Community Center
Moore Engineers Inc	$10,000	Library/Community Center
Daniel L Otto	$10,000	Library/Community Center
Forrest F Ammerman	$100	Library/Community Center
Carol Anerson	$50	Library/Community Center
Ira J or Kimberly L Bailey	$100	Library/Community Center
Susan Clambey	$50	Library/Community Center
Gerald B Jacobs	$100	Library/Community Center
Gerri D Lien	$100	Library/Community Center
Timothy G McManamon	$50	Library/Community Center
Kenneth J Russell	$100	Library/Community Center
Mark or Barbara Stack	$100	Library/Community Center
Donna Dunlop Bitz	$25	Library/Community Center
Michael J or Susan Knorr	$100	Library/Community Center
Lake Agassiz Regional Library	$5,000	Library/Community Center
Elizabeth Lynch	$25	Library/Community Center
Jim & Hiebe Shipp	$2,500	Library/Community Center
Solutions Behavioral Healthcare Professionals	$2,500	Library/Community Center
William J Craft	$500	Library/Community Center
Charles R & Barbara Matthees	$420	Library/Community Center
Robert Edward Matthees	$420	Library/Community Center
Anne M Pudas	$420	Library/Community Center
Dr. Donald & Jane Matthees	$420	Library/Community Center
Patrick C & Rebecca M McCaskey	$420	Library/Community Center
Marjorie K Matthees	$420	Library/Community Center
Lisa J Bode	$500	Library/Community Center
Sarah M King	$1,000	Library/Community Center
Mark Espedal	$100	Library/Community Center
Deborah White	$500	Library/Community Center
Karin Olson Held	$500	Library/Community Center
DeKrey Ringstrom	$2,500	Library/Community Center
Joshua L & Laura E Caroon	$500	Library/Community Center
Korsmo Funeral & Cremation Service	$5,000	Library/Community Center
Houston Engineering Inc	13,000	Library/Community Center
Markus Krueger & Megan A Sorenson	$500	Library/Community Center
Elizabeth Lynch	$500	Library/Community Center
Moorhead Kiwanis Club	$500	Library/Community Center
Vernon & Helen Goodin	$2,500	Library/Community Center
Kaylynn B Gibb	$5,000	Library/Community Center

Camre LLC	$1,000	Library/Community Center
Pure Gallus LLC	$1,000	Library/Community Center
AJW Enterprises Inc	$1,000	Library/Community Center
Delta Property Group LLC	$2,000	Library/Community Center
John E Rowell & Claudia M Murphy	$500	Library/Community Center
Denis J & Twylla K Conner	$2,500	Library/Community Center
Dr. Stanley Iverson	$1,000	Library/Community Center
Morrie & Ruthie Lanning	$640	Library/Community Center
Nanci K Tobias	$100	Library/Community Center
Barbara G & Walter E Worman	$3,000	Library/Community Center
Howard B Wasson	$50	Library/Community Center
Rebecca J Burrows	$30	Library/Community Center
Denise & Karl Bakkum	$100	Library/Community Center
Dr. Yvonne C Condell	$500	Library/Community Center
Jeanne K Anderson & Ben Welte	$500	Library/Community Center
Wright Funeral Home	$1,000	Library/Community Center
McGough Construction Co LLC	$6,250	Library/Community Center
Gerritdina Justitz	$1,000	Library/Community Center
Samuel S M & Coralie R Wai	$500	Library/Community Center
Jesse C & Jaclyn M Knutson	$500	Library/Community Center
Janine M Silverberg	$500	Library/Community Center
Laura Fasick	$100	Library/Community Center
Xtinct Adventures LLC	$1,000	Matson Field
Scott Arnseth	$1,000	Matson Field
Alex Stern Family Foundation	$8,333.33	Matson Field
First Community Credit Union	$50,000	Matson Field
Eagan Foundation Inc	$1,000	Matson Field
Scott J Bjerke	$500	Matson Field
Thomas A Bjornstad	$1,000	Matson Field
Schuck School Bus Service	$2,500	Matson Field
Bruce R Hanson	$800	Matson Field
Beverage Wholesalers Inc	$1,000	Matson Field
Remodeling by Foss	$200	Matson Field
Carol L Miller	$200	Matson Field
Michael Metelak	$200	Matson Field
Chad Swanson	$200	Matson Field
Larry Kragero	$200	Matson Field
Sean Brandenburg	$300	Matson Field
Mark Voxland	$200	Matson Field
Signature Home Technologies	$200	Matson Field
Aaron Wilmer	$200	Matson Field
United Savings Credit Union	$1,000	Matson Field
Maxwell & Hannah McAthie	$1,000	Matson Field
Brighthouse Life Insurance Company	$1,000	Matson Field
Donald Betzen	$1,000	Matson Field
Mark Rice	$200	Matson Field
Kai Peters	$1,000	Matson Field
Denese Norris	$100	Matson Field
Doug Kovash	$300	Matson Field
Deanna & Jeremy Kovash	$200	Matson Field
Terry Carbone	$200	Memorial Tree

Lindsay Vickerman	$200	Memorial Tree
Molly Kamrath	$200	Memorial Tree
Clay County DFL	$200	Memorial Tree
Hen Holdings LLC	$2,000	Police Department
Kwik Trip Inc	$2,000	Police Department
Metro Sports Foundation Inc	$1,500	Police Hometown Heroes
Jonathan Rutter	$50	River Corridor/Trails

WHEREAS, the following persons and entities have offered to contribute the cash amounts set forth below to the city with the terms and conditions, if any:

WHEREAS, all such donations have been contributed to the city for the benefit of its citizens, as allowed by law; and

WHEREAS, the City Council finds that it is appropriate to accept the donations offered.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Moorhead Minnesota that, in accordance with Minnesota Statute 465.03, the City Council does hereby authorize and direct the City Manager to accept gifts of real or personal property, including money to be utilized by the City of Moorhead as listed above that shall be used as the terms and conditions describe above, as allowed by law.

PASSED: January 26, 2026 by the City Council of the City of Moorhead.

APPROVED BY:

Michelle (Shelly) A. Carlson, Mayor

ATTEST:

Christina Rust, City Clerk