

NOTICE AND AGENDA

Board Meeting

April 28, 2026, 1:30 p.m.

400 Wabasha St. N, Suite 240 | Saint Paul, MN 55102

President Brendmoen is calling a regular meeting of the Board of Directors for Tuesday, April 28, 2026, at 1:30 p.m. in the Board Room of the Saint Paul Port Authority, 400 Wabasha Street No., Suite 240, St. Paul, MN.

The purpose of the meeting is:

Minutes

Approval of the Minutes from the January 27, 2026 regular Board Meeting

Conflicts of Interest

Conflicts with any items on the Agenda

Agenda Items

1. Resolution No. 161 – Authorization for the Continuation of Capital City Properties
2. Acceptance of the 2025 Audit

cc: City Clerk

**BOARD OF DIRECTORS MEETING
JANUARY 27, 2026**

A regular meeting of the Capital City Properties Board was held on January 27, 2026, at 2:16 p.m., in the Board Room of the Saint Paul Port Authority, 400 Wabasha Street No., Suite 240, Saint Paul, Minnesota 55102.

The following Board Members were present:

Amy Brendmoen	Courtney Henry	John Marshall
Todd Hurley	Don Mullin	Matt Slaven

Also, present were the following:

Ashley Aram	Nick Dragisich	Holly Huston
Sarah Illi	Sukaina Jaffri	Emma Kasiga
Annamarie Kosel	Dana Krueger	Emily Lawrence
Michael Solomon	Nikki Tix	Phoua Vang
Annie Watson	Kristine Williams	Linda Williams

JP Yohannes
Trinidad Uribe, Sprinkler Fitters Local 417
Mindy Utesch, Old National Bank

APPROVAL OF MINUTES

Director Slaven made a motion to approve the minutes of the November 25, 2025 regular Board meeting. The motion was seconded by Director Henry and carried unanimously.

CONFLICT OF INTEREST

There were no conflicts of interest with any items on the agenda.

NEW BUSINESS

RESOLUTION NO. 159

GRANT APPLICATION AND ACCEPTANCE AUTHORIZATION FOR THE YEAR 2026

President Brendmoen asked the Directors if they would like to hear a presentation from Ms. Watson relating to proposed Resolution 159. The Directors confirmed they were satisfied with the information contained in the written staff memo presented to the Board and presentation given previously at the Port Authority Board meeting. Director Marshall made a motion to approve the request. The motion was seconded by Director Henry and carried unanimously.

RESOLUTION NO. 160

**ACCEPTANCE OF CONVEYANCE OF LAND FROM PORT AUTHORITY
OF THE CITY OF SAINT PAUL – THE HEIGHTS / MULTIPLE PID NUMBERS**

President Brendmoen asked the Directors if they would like to hear a presentation from Ms. Williams relating to proposed Resolution 160. The Directors confirmed they were satisfied with the information contained in the written staff memo presented to the Board and presentation given previously at the Port Authority Board meeting. Director Henry made a

MINUTES

motion to approve the request. The motion was seconded by Director Slaven and carried unanimously.

There being no further business, the meeting was adjourned at 2:18 p.m.

By _____

Its _____

MEMORANDUM

To: BOARD OF DIRECTORS **Meeting Date:** April 28, 2026
From: Dana J. Krueger 
Subject: **AUTHORIZATION FOR THE CONTINUATION OF CAPITAL CITY PROPERTIES
RESOLUTION NO. 161**

Action Requested:

Approval of a resolution confirming Capital City Properties' ("CCP") desire to remain in existence and exempt from the statutory requirements identified originally in Port Authority Resolution No. 3853 and amended by Resolution No. 3902.

Background:

In 1999 the Minnesota Legislature adopted legislation requiring that nonprofit corporations created by political subdivisions take certain actions in order to remain in existence. This legislation applies to CCP, which was created as an affiliate of the Port Authority in 1991.

Pursuant to this legislation, the Port Authority and CCP adopted resolutions on October 24, 2000 to provide for the continued existence of CCP, to indicate which specific statutory requirements CCP would be subject to and which it would be exempt from, and to agree to comply with these statutory provisions going forward, a copy of which exemptions are described in Attachment 1 of the Resolution. The periodic supporting resolutions required by this legislation have also been adopted by both the Port Authority and CCP.

Current Status:

One of the requirements imposed by the 1999 statute is that nonprofit corporations be audited on an annual basis, and that this audit be presented to the applicable political subdivision at a regularly scheduled meeting. The CCP audit for the year ending December 31, 2025, was presented to the Port Authority and CCP Boards on April 28, 2026.

The 1999 statutes also require that the political subdivision periodically reaffirm the actions originally taken to continue the existence of the nonprofit corporation and the exemption from statutory requirements. This requirement is the subject of this report.

Recommendation:

We recommend approval of a resolution confirming CCP's desire to remain in existence and exempt from the statutory requirements identified originally in Port Authority Resolution No. 3853 and amended by Resolution No. 3902.

Attachments: Resolution

**RESOLUTION OF
CAPITAL CITY PROPERTIES**

[AUTHORIZATION FOR THE CONTINUATION OF CAPITAL CITY PROPERTIES]

WHEREAS, in the 81st legislative session, the Minnesota Legislature adopted Minn. Stat. § 465.719, requiring that political subdivisions, such as the Port Authority of the City of Saint Paul (the "Port Authority"), who have either created or have a relationship with a nonprofit corporation (such as Capital City Properties ("CCP")) adopt a resolution at a regularly scheduled meeting in order to provide for the continued existence of such non-profit corporation and to specify what authorities and powers the corporation should possess;

WHEREAS, on October 24, 2000, at a regularly scheduled meeting of the Port Authority, the Board of Commissioners of the Port Authority adopted Resolution No. 3853 pursuant to Minn. Stat. § 465.719 to provide for the continued existence of CCP and the exemption of CCP from certain statutory requirements otherwise applicable to CCP, which exemptions are described in Attachment 1 attached hereto;

WHEREAS, in Resolution No. 3853 the Port Authority determined that the Port Authority would review the activities of CCP in connection with the Port Authority's review of the CCP audit and determine after each review whether the exemptions provided therein should be continued;

WHEREAS, by Resolution No. 3902, adopted August 28, 2001, the Port Authority expanded the scope of CCP activities;

WHEREAS, on May 28, 2024, at a regularly scheduled meeting of the Port Authority, the Board of Commissioners of the Port Authority adopted its resolution providing for the continued application to CCP of all exemptions provided in Resolution Nos. 3853 and 3902, copies of which are attached hereto;

WHEREAS, CCP desires to ratify and accept the action of the Port Authority reflected in its resolution, as summarized on Attachment 1; and

WHEREAS, CCP has received and reviewed an audit of its financials for the calendar year ending December 31, 2023, conducted by CliftonLarsonAllen.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF CAPITAL CITY PROPERTIES:

1. That CCP hereby ratifies and accepts the action taken by the Board of Commissioners of the Port Authority and agrees that CCP shall continue to be exempt from certain statutory requirements described in Attachment 1 and as provided in Resolution Nos. 3853 and 3902.

2. CCP hereby ratifies management's actions in presenting the CCP audit ending in the year December 31, 2025, to the Port Authority Board of Commissioners, as required by Minn. Stat. § 469.719, at the Port Authority's regularly scheduled April 28, 2026, meeting.

Adopted: April 28, 2026

CAPITAL CITY PROPERTIES

By _____
Its _____

ATTEST:

By _____
Its _____

Attachments: Attachment 1

Resolution No. 3853

Resolution No. 3902

ATTACHMENT 1

1. Need for Corporation. CCP was created to assist the Port Authority in carrying out its purposes by holding and/or operating repossessed real estate on behalf of the Port Authority, thereby reducing or eliminating from the Port Authority those burdens. Since its creation in 1991, this has proven to be true. CCP, as a separate legal entity, has operated the Radisson Riverfront Hotel and the Radisson City Center Hotel, and is currently in the process of constructing a parking ramp to serve those two facilities, as well as the City of Saint Paul in general. In carrying on these activities, CCP, as a separate legal entity, has insulated the Port Authority from the related liabilities, complications and risks associated with the related businesses. CCP's ownership has allowed the Port Authority to avoid adding as many as 500 private employees to its public payroll and related benefits, and has allowed CCP to negotiate employment and collective bargain agreements, as well as other claims which arise in connection with the ownership and operation of the hotels and parking ramps, maintaining those obligations and responsibilities at a non-public level, protecting the resources and taxing authority of the Port Authority.

2. Board Membership. CCP's Articles of Incorporation require that a majority of CCP's directors be either Port Authority commissioners or employees. The Port Authority believes that it is important to continue this requirement, since this continuity of leadership and management between the Port Authority and CCP helps to ensure that CCP will conduct its activities in a way that is consistent with the goals and priorities of the Port Authority, and in fulfillment of the Port Authority's public purpose objectives.

3. Exemption from certain Laws.

A. Uniform municipal contracting law [Minn. Stat. §471.345] – The Port Authority hereby finds that CCP should be exempt from the uniform municipal contracting law because, in its general activities, CCP is providing for the construction and/or renovation of properties that are private and proprietary in nature, although being operated for a public purpose through repossession or otherwise. CCP is also not financing its construction activities with taxpayer or other public funds, and instead is accessing the revenue bond market for funds necessary for these projects. As a result, the safeguards which would generally be appropriate in a governmental project are not necessary in connection with CCP's activities.

B. Limitation on compensation of employees based on governor's salary [Minn. Stat. §43A.17] – As described above, CCP's activities are generally of a proprietary and private natures, relating to properties that, as a general rule, have come into public ownership through repossession. CCP, as the owner of the Radisson Hotel Riverfront and Radisson City Center Hotel, employees approximately 500 people, pursuant to existing contracts and collective bargaining agreements. These employees are hotel employees, and do not consider themselves government employees. As a result, it would be inappropriate, and noncompetitive, to require that CCP be limited by requirements otherwise imposed on governmental employees. [Note – this exemption only applies to CCP employees, and will not apply to Port Authority employees who

might, from time to time, do work for CCP on a contract basis. Port Authority employees, would remain subject to any salary limitation imposed on government employees.]

C. Equitable pay [Minn. Stat. §471.991 to 471.99] – As described above, the employees that work for CCP are, for the most part, union employees entitled to benefits established under collective bargaining agreements negotiated with the unions. As described above, these employees do not consider themselves municipal employees, and should not be entitled to compensation and employment benefits which are generally available only to government employees, and are not generally available in the private sector.

D. Prohibition on acceptance of gifts from interested parties [Minn. Stat. §471.895] – As described above, CCP’s employees do not consider themselves to be governmental employees, and are not governmental employees. Instead, they are private employees for all other intents and purposes and should not be subject to gift ban limitations imposed by Minnesota Statutes on governmental employees. Also, as employees of CCP, these employees do not fall within the definition of “local official”, and are not in a position to influence the activities of local officials. [Note – this exemption only applies to CCP employees, and will not apply to Port Authority employees who might, from time to time, do work for CCP on a contract basis. Port Authority employees, would remain subject to any gift ban imposed on government employees.]

E. Municipal tort liability [Minn. Stat. §466] – Since CCP is not a governmental entity, and is operating businesses which are, for all intents and purposes, private businesses, CCP should not be allowed to unjustly protect itself and these businesses from tort liability. Instead, the businesses operated by CCP should be required to carry insurance to cover risks, as their competitors do.

F. Identification of owned vehicles [Minn. Stat. §471.346] – The vehicles owned by CCP, or by the businesses operated by CCP, will be owned and operated in connection with the proprietary businesses, and not in direct connection with any municipal or governmental services. These vehicles will include hotel airport vans, which need to be clearly identified as belonging to the hotel. Identification of these vehicles with the Port Authority would cause consumer/user confusion.

G. Itemization and declaration of claims [Minn. Stat. §471-38 to 471.41] – CCP is operating its businesses in a proprietary marketplace. The sheer volume of expenditures, and the timing of such operations, precludes compliance with this statutory requirement. Since claims against CCP’s businesses are payable solely out of the revenues of such businesses, standard and prudent operational practices will provide the necessary safeguards, without need for these additional statutory protections.

H. Prohibition on advances of pay, the making or guarantee of loans or the provisions in-kind benefits, unless authorized by law – CCP’s relationships with its

employees are, for the most part, governed by contract or collective bargaining agreements. CCP is obligated to be competitive within the industry in which these businesses operate, which may require, from time to time, pay advances and other activities which would otherwise be precluded by these requirements. Since CCP's operating revenues come from the operation of the businesses in question, public money is not at risk, and the statutory protections are not necessary. [Note – this exemption only applies to CCP employees, and will not apply to Port Authority employees who might, from time to time, do work for CCP on a contract basis. Port Authority employees, would remain subject to any prohibitions imposed on government employees.]

RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL

WHEREAS, the Port Authority of the City of Saint Paul ("the Port Authority") is a political subdivision of the state of Minnesota within the meaning of Minnesota Statutes § 465.719, subdivision 1(a).

WHEREAS, on July 30, 1991, Saint Paul Port Authority Properties Corporation, now known as Capital City Properties ("CCP") was formed by Victor P. Reim, James J. Bellus and Kenneth R. Johnson (then the Chair, President and Vice President of the Port Authority, respectively) as a Minnesota non-profit corporation for the purpose of:

- (a) aiding, assisting and advising the Port Authority in, and engaging in, the planning for and development and improvement of the Saint Paul area;
- (b) providing advice, support, funds, capital, gifts and all other lawful forms of assistance, financial or otherwise, to or for the use of the Port Authority in connection with the development of the Saint Paul area; and
- (c) aiding, supporting and assisting, by loans, guaranties, investments and other lawful forms of assistance, other persons or organizations seeking to develop and improve the Saint Paul area.

WHEREAS, at its formation, and continuing today, the Port Authority is the sole member of CCP.

WHEREAS, on July 30, 1991, the Port Authority adopted its Resolution No. 3330 in which the Port Authority:

- (a) pledged its full support for the creation and operation of CCP;
- (b) approved the Articles of Incorporation of CCP; and
- (c) authorized certain financial support for CCP and pledged to work closely with, and provide all assistance to, CCP to ensure its successful operation.

WHEREAS, under the Articles of Incorporation, as amended, the affairs of CCP are to be managed by a board of directors consisting of not less than five nor more than 11 persons, a majority of which shall be either (a) a commissioner or commissioners of the Port Authority or (b) one or more full-time employees of the Port Authority.

WHEREAS, on April 2, 1993, CCP applied to the Internal Revenue Service for recognition of exemption under Section 501(c)(3) by virtue of its relationship with, and activities

on behalf of, the Port Authority, which exemption was granted by the Internal Revenue Service on February 2, 1994.

WHEREAS, in the 81st legislative session, the Minnesota Legislature adopted Minn. Stat. §465.717, requiring that political subdivisions, such as the Port Authority, who have either created or have a relationship with a non-profit corporation (such as CCP) adopt a resolution at a regularly scheduled meeting in order to provide for the continued existence of such non-profit corporation.

WHEREAS, the Port Authority wishes to provide for the continued existence of CCP, as contemplated by Minn. Stat. §465.717, pursuant to the terms and conditions described herein.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Port Authority of the City of Saint Paul as follows:

1. The Port Authority hereby finds that CCP has fulfilled the purpose for which it was created, which was to be a supporting organization to the Port Authority, with the intent being that CCP would undertake activities at the request of and under contract with the Port Authority, in carrying out land acquisition, development and property management responsibilities that would otherwise have been undertaken by the Port Authority, and that CCP should continue in existence in order to continue those activities on behalf of the Port Authority. The Port Authority continues to believe the land acquisition, development and property management responsibilities currently carried on by CCP on behalf of the Port Authority are best carried on by CCP for the reasons more specifically stated in Attachment 1 to this resolution.

2. The Port Authority intends that CCP have such power and authority as is granted in its Articles of Incorporation and Bylaws. The Port Authority specifically finds that the authorities and powers of CCP shall not exceed the authorities and powers of the Port Authority, except as provided in paragraphs 4 and 5, below.

3. The Port Authority hereby elects to continue the provisions of the Articles of Incorporation of CCP requiring that a majority of CCP's directors be either Port Authority commissioners or employees, for the reasons more specifically stated in Attachment 1.

4. The Port Authority hereby determines that CCP should comply with every law that applies to the Port Authority, as if CCP is a part of the Port Authority, except for the following laws, from which the Port Authority hereby elects to exempt CCP, for the reasons more specifically set forth on Attachment 1.

- Uniform municipal contracting law [Minn. Stat. §471.345]
- Limitation on compensation of employees based on governor's salary [Minn. Stat. §43A.17]
- Equitable pay [Minn. Stat. §471.991 to 471.99]

- Prohibition on acceptance of gifts from interested parties [Minn. Stat. §471.895]
- Municipal tort liability [Minn. Stat. §466]
- Identification of owned vehicles [Minn. Stat. §471.346]
- Itemization and declaration of claims [Minn. Stat. §471-38 to 471.41]
- Prohibition on advances of pay, the making or guarantee of loans or the provisions in-kind benefits, unless authorized by law

5. In connection with the determination made in paragraph 4, above, with respect to the applicability of certain laws to CCP, the Port Authority hereby understands that CCP may not be exempted from the Minnesota Open Meeting Law (Minn. Stat. §471.705), laws governing records management (Minn. Stat. §§138.163 to 138.25) or the Minnesota Government Data Practices Act (Minn. Stat. Chapter 13). In this regard, however, the Port Authority further understands and finds that CCP is entitled to treat the following data as private data under Minn. Stat. §13.02, subdivision 12 or as nonpublic data under Minn. Stat. §13.02, subdivision 9, all data relating either to (a) private businesses consisting of financial statements, credit reports, audits, business plans, income and expense projections, customer lists, balance sheets, income tax returns, and design, market and feasibility studies not paid for with public funds, or (b) enterprises operated by CCP that are in competition with entities offering similar goods and services, so long as the data are not generally known or readily ascertainable by proper means and disclosure of specific data would cause harm to the competitive position of the enterprise or private business, provided that the goods and services do not require a tax levy.

6. The Port Authority hereby undertakes to review the activities of CCP on an annual basis, in connection with the Port Authority's annual review of the CCP audit, and to determine after each such review whether the exemption provided in the preceding paragraph 4 should be continued. Following such review, the Port Authority shall adopt a resolution to continue any exemption which it then deems appropriate to continue, and shall file a certified copy of such resolution with the Secretary of State.

7. Port Authority management is hereby authorized and directed to file a certified copy of this resolution with the Secretary of State, as required by Minn. Stat. §465.717, Subdivision 2.

8. CCP is hereby authorized and directed to adopt and file such amendments to its Articles of Incorporation as may be necessary to make CCP's Articles of Incorporation consistent with this resolution, and to provide for the application of the laws described in paragraphs 4 and 5, above.

Adopted: October 24, 2000

PORT AUTHORITY OF THE CITY
OF SAINT PAUL

By *Paul A. Buszynski*
Its Chair

ATTEST:

Kathy Lentz
Its Secretary

RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL

WHEREAS, in the 81st legislative session, the Minnesota Legislature adopted Minn. Stat. §465.719, requiring that political subdivisions, such as the Port Authority of the City of Saint Paul (the "Port Authority"), who have either created or have a relationship with a non-profit corporation (such as Capital City Properties ("CCP")) adopt a resolution at a regularly scheduled meeting in order to provide for the continued existence of such non-profit corporation and to specify what authorities and powers the corporation should possess.

WHEREAS, on October 24, 2000, the Port Authority adopted its Resolution No. 3853 in which the Port Authority provided: for the continued existence of CCP, as contemplated by Minn. Stat. §465.719; for the exemption of CCP from certain statutory requirements otherwise applicable to the Port Authority; and for CCP to have authorities and powers which do not exceed the authorities and powers of the Port Authority.

WHEREAS, subsequent to the adoption of Resolution No. 3853, the Port Authority has determined that in addition to the powers and authority available to the Port Authority, CCP should retain and have powers which would otherwise be available to a nonprofit corporation, to enter into partnerships, joint ventures and corporate share ownership arrangements, in furtherance of the mission and activities of CCP and the Port Authority.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Port Authority of the City of Saint Paul as follows:

1. The findings and conclusions contained in Resolution No. 3853 are hereby ratified and affirmed, as amended hereby.
2. The Port Authority hereby determines that, in addition to the powers and authorities of the Port Authority, CCP should retain and have the power and authority that a corporation would otherwise have to enter into partnership, joint venture or stock ownership arrangements, as necessary to enable CCP to participate in partnerships, joint ventures or the ownership and operation of other corporations in furtherance of the mission and activities of CCP and the Port Authority, notwithstanding any limitation that would otherwise be imposed on the Port Authority with regard to such activities.
3. Port Authority management is hereby authorized and directed to file a certified copy of this resolution with the Secretary of State, as required by Minn. Stat. § 465.719, Subdivision 2.

Adopted: August 28, 2001

PORT AUTHORITY OF THE CITY
OF SAINT PAUL

By Kathy Hartig
Its ~~Chair~~ Acting Chair


ATTEST:

[Signature]
Its ~~Secretary~~ Asst. Secretary

MEMORANDUM

To: BOARD OF DIRECTORS

Meeting Date: April 28, 2026

From: Michael Solomon 

Subject: ACCEPTANCE OF THE 2025 AUDIT

Action Requested:

Acceptance of the 2025 audit report.

Background:

The completion of the financial statements and external review of our finances is a key milestone and work product of the Finance and Operations team. For the past few months, staff have worked with our external auditor, CliftonLarsonAllen (“CLA”), to complete the 2025 financial statements. Representatives from CLA will review the 2025 audited financial statements with the Board of Directors (the “Board”).

CLA has completed its audit and has indicated that it will be issuing an unqualified audit opinion for Capital City Properties (“CCP”) and its component unit, Go Wild, LLC. CLA also has indicated that it has not found any material findings as set forth in governmental audit standards or Minnesota Statutes. The audited financial statements are attached to this memo in near-final form.

Recommendation:

Acceptance of the 2025 audit report.

Attachment: 2025 Final Draft Audit

CAPITAL CITY PROPERTIES
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

**CAPITAL CITY PROPERTIES
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YEAR ENDED DECEMBER 31, 2025**

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Directors
Capital City Properties
Saint Paul, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Capital City Properties (CCP), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise CCP's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of CCP, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CCP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CCP's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CCP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CCP's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 22, 2026

**CAPITAL CITY PROPERTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

As management of Capital City Properties (CCP), we offer readers of CCP's financial statements this narrative overview and analysis of the financial activities of CCP for the fiscal year ended December 31, 2025. We encourage readers to consider the information presented in conjunction with the complete financial statements presented herein. All amounts, unless otherwise indicated, are presented in thousands of dollars.

FINANCIAL HIGHLIGHTS

- Revenues exceeded expenses increasing net position of business-type activities by \$17.6 million, increasing net position to \$31.3 million.
- Most of the increase is driven by the sale of their Joint venture interest in the amount of \$16.1 million
- Significant balance sheet changes include a \$16.8 million increase in investments resulting from increased revenues from sale of their joint venture interest.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis is intended to serve as an introduction to CCP's basic financial statements, which are comprised of two components: Management's Discussion and Analysis (this section) and the basic financial statements. The financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. This report also contains other information in addition to the basic financial statements themselves.

The statement of net position presents information on all of the entity's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the CCP is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing how the entity's net position changed during the most recent fiscal year. All changes to net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Notes to Basic Financial Statements – The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

**CAPITAL CITY PROPERTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

The following is a summary of CCP's net position:

	<u>2025</u>	<u>2024</u>
Assets:		
Current and Other Assets	\$ 34,898,278	\$ 15,473,967
Capital Assets	204,202	218,777
Total Assets	<u>35,102,480</u>	<u>15,692,744</u>
Liabilities:		
Long-Term Liabilities	3,695,000	190,000
Other Liabilities	95,000	1,836,677
Total Liabilities	<u>3,790,000</u>	<u>2,026,677</u>
Net Position:		
Net Investment in Capital Assets	204,202	218,777
Restricted Net Position	138,424	138,424
Unrestricted	30,969,854	13,308,866
Total Net Position	<u>\$ 31,312,480</u>	<u>\$ 13,666,067</u>

Analysis of Changes in Statement of Net Position

Total assets were \$17.55 million, which increased \$17.36 million or 110.6% from 2024. Loans receivable increased \$2 million due to Go Wild, LLC, a discretely presented component unit of CCP, owing for services and interest due on debt. Due from the Port Authority also increased due to the classification of the advance from the prior year.

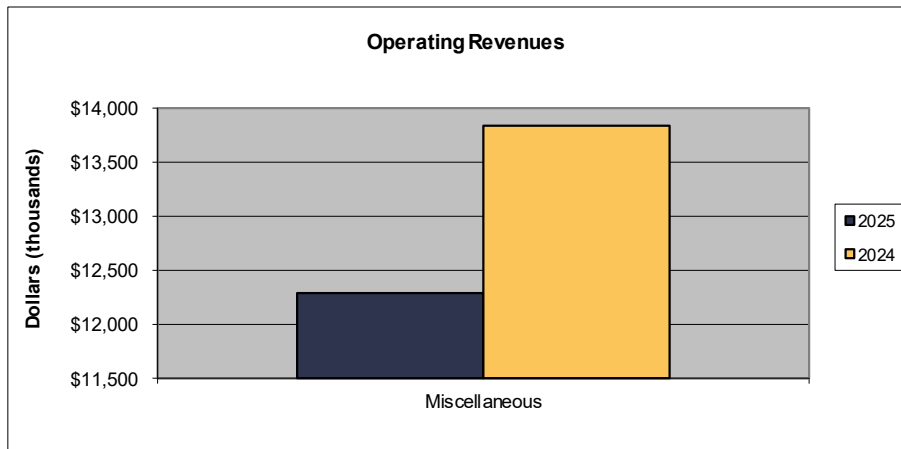
Liabilities increased \$1.7 million in 2025 as a result of increased amounts due to the Port Authority. Overall, this resulted in an increase in Net Position of \$17.3 million. CCP was formed to carry out certain public purposes of the Port Authority. Management believes that the current Net Position will allow it to continue to achieve this purpose into the foreseeable future.

**CAPITAL CITY PROPERTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

Analysis of Changes in Operating Revenues: Total operating revenues in 2025 were \$12,290 a decrease of \$1,536, or 11.1%, from 2024.

The following schedule presents a summary of operating revenues for the years ended December 31, 2025 and 2024, and the percentages of increase or decrease in relation to the prior year's revenues.

	2025	Percentage of Total	2024	Percentage of Total	Increase (Decrease) from 2023	Percentage Change
Operating Revenues:						
Miscellaneous	\$ 12,290	100.0 %	\$ 13,826	100.0 %	\$ (1,536)	(11.1)%

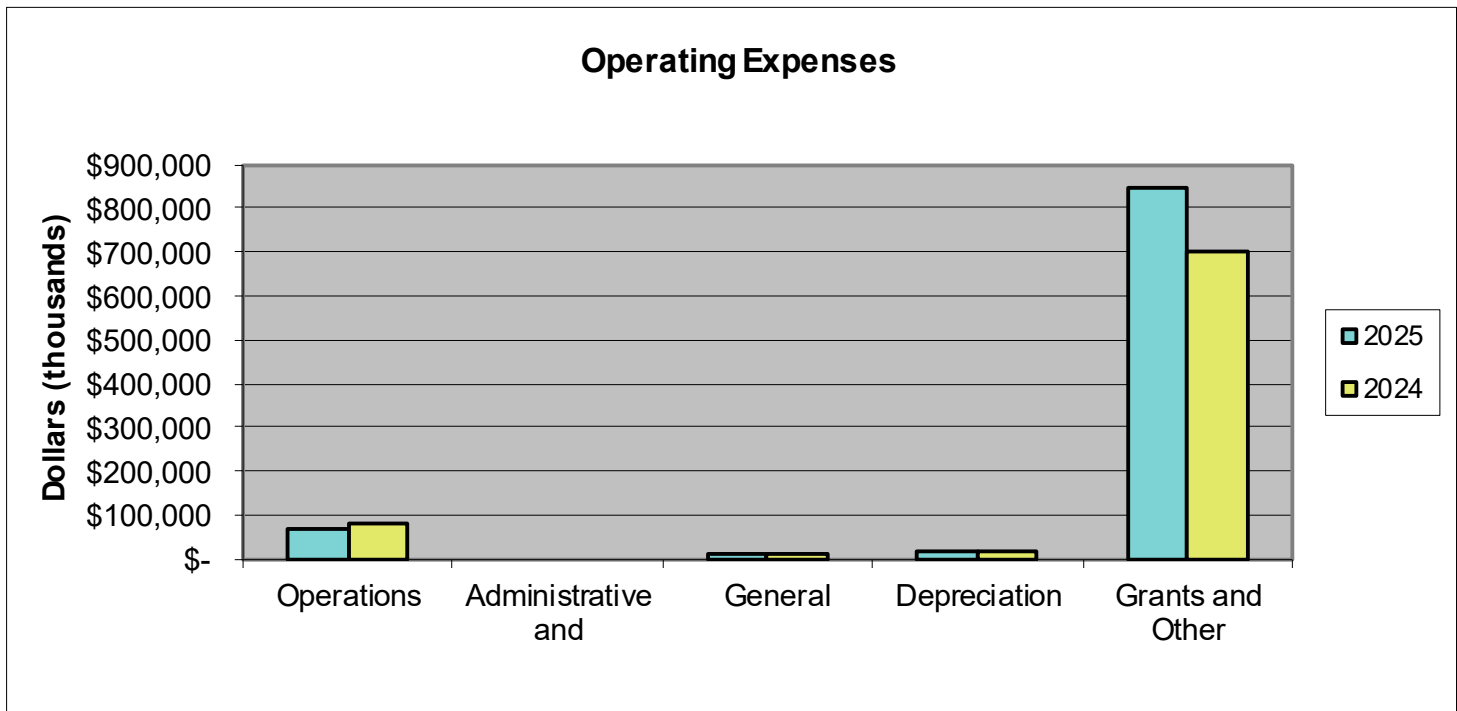


**CAPITAL CITY PROPERTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

Analysis of Changes in Operating Expenses: Total operating expenses in 2025 were \$942,914, a increase of \$139,705, or 17.4%, from 2024. Grants and other expense increased \$150,000 due to the operating grant to the Port Authority. Overall, other operating expenses were comparable to the prior year.

The following schedule presents a summary of operating expenses for the years ended December 31, 2025 and 2024, and the percentages of increase or decrease in relation to the prior year's expenses.

	2025	Percentage of Total	2024	Percentage of Total	Increase (Decrease) from 2023	Percentage Change
Operating Expenses:						
Operations	\$ 68,533	7.3 %	\$ 79,741	9.9 %	\$ (11,208)	(14.1)%
Administrative and General	9,806	1.0	8,893	1.1	913	0.1
Depreciation	14,575	1.5	14,575	1.8	-	-
Grants and Other	850,000	90.1	700,000	87.2	150,000	0.2
Total Operating Expenses	<u>\$ 942,914</u>	<u>99.9 %</u>	<u>\$ 803,209</u>	<u>100.0 %</u>	<u>\$ 139,705</u>	<u>17.4 %</u>



Analysis of Changes in Non-Operating Revenues and Expenses: Total non-operating income and expenses in 2025 increased \$17.6 million, or 1,107%, from 2024. Equity earnings on joint ventures and other assets increased by approximately \$15.7 million due to the sale of the Westminster Joint Venture.

**CAPITAL CITY PROPERTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

Analysis of Capital Assets: Net capital assets were \$204,202 in 2025.

Other Information: CCP has entered into various joint venture agreements to assist the Port Authority in achieving its mission by returning polluted land to productive uses, increasing the tax base, and increasing job opportunities for area residents. In 2025, CCP sold its interest in the Westminster Joint Venture, a 120,000 square-foot medical office building in Westminster Business Center. The remaining joint ventures are the Wellington Joint Venture includes approximately 21 acres and three facilities in the Riverbend Business Center and Go Wild, LLC, a 5-story mixed use building in downtown Saint Paul, for which it is the majority owner.

Requests for Information: This financial report is designed to provide a general overview of CCP's finances for all those with an interest in CCP's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Capital City Properties, Michael J. Solomon, Chief Financial Officer, 400 Wabasha St. N, Suite 240, Saint Paul, Minnesota, 55102.

BASIC FINANCIAL STATEMENTS

**CAPITAL CITY PROPERTIES
STATEMENT OF NET POSITION
DECEMBER 31, 2025**

	Business-Type Activities	Component Unit
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 602,161	\$ 261,183
Accounts Receivable, Net of Allowances	241,248	1,195,024
Due from Port Authority	664,726	-
Prepaid Expenses and Other	22,751	-
Total Current Assets	1,530,886	1,456,207
Restricted Deposits	-	763,040
Loan Receivable from Component Unit	7,545,284	-
Accrued Interest from Component Unit	1,303,290	-
Investments	24,118,818	-
Long-Term Loans Receivable from Port Authority	400,000	-
Other Assets	-	1,565,575
Capital Assets, Net	204,202	43,818,015
Total Assets	\$ 35,102,480	\$ 47,602,837
LIABILITIES AND NET POSITION (DEFICIT)		
CURRENT LIABILITIES		
Current Maturities of Long-Term Obligations	\$ 95,000	\$ 1,340,642
Accrued Interest	-	2,690,148
Other Current Liabilities and Customer Deposits	-	1,559,915
Total Current Liabilities	95,000	5,590,705
Advance from Port Authority	3,600,000	-
Tenant Security Deposits	-	76,700
Long-Term Obligations	95,000	52,830,260
Total Liabilities	3,790,000	58,497,665
NET POSITION (DEFICIT)		
Net Investment in Capital Assets	204,202	(10,352,887)
Restricted Net Position	138,424	763,040
Unrestricted Net Position (Deficit)	30,969,854	(1,304,981)
Total Net Position (Deficit)	31,312,480	(10,894,828)
Total Liabilities and Net Position	\$ 35,102,480	\$ 47,602,837

See accompanying Notes to Basic Financial Statements.

CAPITAL CITY PROPERTIES
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2025

	Business-Type Activities	Component Unit
OPERATING REVENUES		
Parking Revenues	\$ -	\$ 1,253,230
Rental Revenues	-	2,954,640
Sponsorship Revenues	-	1,370,264
Other Revenues	12,290	1,068,841
Total Operating Revenues	12,290	6,646,975
OPERATING EXPENSES		
Operations	68,533	1,115,042
Administrative and General	9,806	1,409,878
Depreciation	14,575	2,187,903
Grants and Other	850,000	-
Real Estate Taxes	-	1,084,095
Total Operating Expenses	942,914	5,796,918
OPERATING LOSS	(930,624)	850,057
NONOPERATING REVENUES (EXPENSES)		
Investment Income	1,919,079	1,175,804
Equity Earnings (Losses) on Joint Ventures and Other Assets	16,439,515	-
Miscellaneous Income	218,443	-
Interest Expense	-	(4,050,058)
Total Nonoperating Revenues (Expenses)	18,577,037	(2,874,254)
CHANGE IN NET POSITION (DEFICIT)	17,646,413	(2,024,197)
Net Position (Deficit) - Beginning of Year	13,666,067	(8,870,631)
NET POSITION (DEFICIT) - END OF YEAR	\$ 31,312,480	\$ (10,894,828)

See accompanying Notes to Basic Financial Statements.

**CAPITAL CITY PROPERTIES
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025**

	Capital City Properties	Business-Type Activities
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments for Operations	\$ (165,174)	\$ (165,174)
Miscellaneous Income	66,383	66,383
Payment of Grants	(875,545)	(875,545)
Net Cash Used by Operating Activities	(974,336)	(974,336)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayments Received on Loans Receivable	137,045	137,045
Disbursements for New Loans Receivable	(2,022,259)	(2,022,259)
Receipts from Due to Port Authority	1,188,597	1,188,597
Receipts from Joint Ventures	16,439,515	16,439,515
Net Cash Provided by Noncapital Financing Activities	15,742,898	15,742,898
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Restricted Investments	(17,053,575)	(17,053,575)
Proceeds from Sales and Maturities of Restricted Investments	208,165	208,165
Investment Income	1,919,079	1,919,079
Net Cash Used by Investing Activities	(14,926,331)	(14,926,331)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(157,769)	(157,769)
Cash and Cash Equivalents - Beginning of the Year	759,930	759,930
CASH AND CASH EQUIVALENTS - END OF THE YEAR	\$ 602,161	\$ 602,161
Cash and Cash Equivalents per Statement of Net Position		\$ 602,161
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (930,624)	\$ (930,624)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	14,575	14,575
Miscellaneous Receipts	218,443	218,443
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(164,350)	(164,350)
Prepaid Expenses and Other	(22,380)	(22,380)
Accounts Payable	(90,000)	(90,000)
Due to Port Authority	-	-
Net Cash Used by Operating Activities	\$ (974,336)	\$ (974,336)

See accompanying Notes to Basic Financial Statements.

**CAPITAL CITY PROPERTIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Capital City Properties (CCP) is a Minnesota nonprofit corporation established in 1991 for the purpose of performing the functions and carrying out certain public purposes of the Port Authority of the City of Saint Paul (the Port Authority). All of the members of the board of directors of CCP are either commissioners or staff of the Port Authority. Subject to the authorization of the CCP board of directors, excess cash flow may be utilized to carry out the public purpose of the Port Authority. CCP is subject to Minnesota Statute §469.719 subd. 2. This statute requires that for CCP to continue existing, the political subdivision that created it must adopt a resolution at a regularly scheduled meeting. The resolution must include specific information and be filed with the Secretary of State.

Financial Reporting Entity

Governmental Accounting Standards Board (GASB) Accounting Standards Codification (ASC) Section 2100 states that a primary government that appoints a voting majority of an organization's officials and is entitled to the net position of that organization is financially accountable for that organization. Based on this criterion, CCP is reported as a discretely presented component unit of the Port Authority and is included in its basic financial statements.

As required by accounting principles generally accepted in the United States of America (GAAP), the financial statements of the reporting entity include those of CCP. A component unit is a legally separate entity for which the primary government is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the voting majority of the potential component unit's board, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit or is fiscally dependent upon by the potential component unit. CCP has a 72.5% equity interest in Go Wild, LLC (Go Wild). Due to this majority equity interest, CCP is considered financially accountable to Go Wild; therefore, it is considered a discretely presented component unit of CCP and is reported as such. Go Wild has issued separate audited financial statements for the year ended December 31, 2025. These financial statements can be obtained by contacting the St. Paul Port Authority at 400 Wabasha St. N, Suite 240, Saint Paul, Minnesota, 55102.

Basic Financial Statements

The financial statements of CCP are presented on the accrual basis of accounting in accordance with GAAP. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

CCP distinguishes operating revenues and operating expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with its principal ongoing operations. Revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses.

**CAPITAL CITY PROPERTIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements (Continued)

When both restricted and unrestricted resources are available for use, it is CCP's policy to use restricted resources first, then unrestricted resources as they are needed.

CCP is comprised of the following projects/activities:

- *Other:* This consists of all general and administrative activities including CCP's participation in various joint ventures.
- *Go Wild, LLC Discrete Component Unit:* This entity was formed as a Minnesota Limited Liability Company for the purpose of redeveloping 2.25 acres of real property at 400 Wabasha Street North in St. Paul, Minnesota now known as the Treasure Island Center. There are four members with financial interests in Go Wild, with CCP having a 72.5% ownership interest. Go Wild is presented in a separate column in the financial statements.

Measurement Focus and Basis of Accounting

CCP's financial statements are prepared in accordance with GAAP. The GASB is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

For financial reporting purposes, CCP and the Port Authority are required to use GAAP that are applicable to governmental entities. The financial statement presentation and disclosures also conform to those required for governmental entities. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows.

Cash and Cash Equivalents and Investments

CCP considers all unrestricted highly liquid investments with an original maturity of three months or less, when purchased, to be cash equivalents.

Investments are reported at fair value, with the unrealized gains and losses reported in the statement of revenues, expenses, and changes in net position, except for debt securities that have a remaining maturity at the time of purchase of one year or less, which are reported at amortized cost.

Capital Assets

Capital assets, consisting of land and improvements, are stated at cost. Depreciation for improvements is computed on the straight-line method over their estimated useful life of 40 years.

**CAPITAL CITY PROPERTIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

CCP reviews its long-lived assets for recoverability whenever events or changes in circumstances, such as a change in manner or duration of use, indicate that an impairment of its long-lived assets has occurred. If impairment has occurred, the impairment loss would be measured using the method that best reflects the diminished service utility of the long-lived asset.

Unearned Revenue

Payments received in advance of the related rental period are recognized as unearned revenue.

Net Position

Net position is classified in three components.

- **Net investment in capital assets.** Consists of capital assets net of accumulated depreciation and related indebtedness.
- **Restricted net position.** Is noncapital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to CCP.
- **Unrestricted net position.** Is the remaining net position that does not meet the definition of *net investment in capital assets* or *restricted*. Unrestricted net position is designated by board resolution to performing the functions and carrying out certain public purposes of the Port Authority, as determined by the board.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Operations

The CCP statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions and other operating revenues. All other revenues and expenses, including interest income and interest expense, are reported as nonoperating revenues and expenses.

Income and Property Taxes

CCP is exempt from income taxes under the provisions of the Internal Revenue Code (IRC) Section 501(c)(3). Accordingly, no provision for income taxes has been made in these financial statements. Additionally, CCP is also exempt from property taxes.

CAPITAL CITY PROPERTIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 DEPOSITS AND INVESTMENTS

Deposits

In accordance with applicable Minnesota state statutes, CCP maintains deposits at financial institutions authorized by the board of directors. All such depositories are members of the Federal Reserve System. Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

Authorized collateral includes U.S. Government treasury bills, notes, and or bonds; securities issued by a U.S. Government agency; general obligations of local governments rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letters of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

Custodial Credit Risk – Deposits

In the case of deposits, custodial credit risk is the risk that in the event of bank failure, CCP's deposits may not be returned to it. CCP's deposit policy does not provide additional restrictions beyond Minnesota state statutes. At year-end, the carrying amount of CCP's deposits was entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

Investments

CCP may also invest idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and receives the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less.
- General obligations rated "A" or better; revenue obligations rated "AA" or better.
- General obligations of the Minnesota Housing Finance Agency rated "A" or better.
- Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing 270 days or less.
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks, or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in one of the top two rating categories.

CAPITAL CITY PROPERTIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

- Repurchase or reverse purchase agreements and security lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

CCP held the following investments as of December 31, 2025:

<u>Investment</u>	<u>Fair Value</u>
U.S. Treasury Notes	\$ 4,705,943
Federal Home Loan Mortgage Corp.	1,458,886
Federal National Mortgage Assoc.	970,282
Federal Home Loan Bank	522,651
Total Investments at Fair Value	<u>\$ 7,657,762</u>

<u>Investment</u>	<u>Amortized Cost</u>
Money Markets	<u>\$ 16,461,056</u>

Interest Rate Risk

As a means of managing its exposure to fair value losses arising from increasing interest rates, it is CCP’s practice to match maturities to its liquidity needs. CCP establishes benchmarks that reflect its expected cash flow needs and minimize interest rate risk that is materially longer or shorter than those established by the benchmarks chosen. Maximum duration of the portfolio is 120% of the benchmark duration.

<u>Investment Type</u>	<u>Investment Maturities (In Years)</u>				<u>Total</u>
	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>	
U.S. Treasury Notes	\$ 151,187	\$ 3,625,975	\$ 928,781	\$ -	\$ 4,705,943
Government-Sponsored Enterprises:					
Federal Home Loan Mortgage Corp. (Freddie Mac)	-	757,096	150,188	551,602	1,458,886
Federal National Mortgage Assoc. (Fannie Mae)	149,310	349,609	21,701	449,662	970,282
Federal Home Loan Bank	73,810	-	120,595	328,246	522,651
Money Markets	16,461,056	-	-	-	16,461,056
Total	<u>\$ 16,835,363</u>	<u>\$ 4,732,680</u>	<u>\$ 1,221,265</u>	<u>\$ 1,329,510</u>	<u>\$ 24,118,818</u>

CAPITAL CITY PROPERTIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Credit Risk

As a means of managing its exposure to an issuer of a debt security that will not fulfill its obligation, it is CCP's practice to follow state law, which limits investments in authorized securities to certain credit risk ratings and maturities. It is CCP's policy that securities must carry an A- or higher long-term rating by one rating agency or the highest quality short-term rating (without regard to modifiers) by two of the following rating agencies: *Standard & Poors*, *Fitch*, or *Moody's*. CCP's investments at December 31, 2025 carried the following ratings:

Investment Type	Credit Risk (Lowest rating from Moody's, S&P, & Fitch Ratings)				Total
	AAA/Aaa	Aa1/AA+	A	NR or NA	
U.S. Treasury Notes	\$ -	\$ -	\$ -	\$ 4,705,943	\$ 4,705,943
Government-Sponsored Enterprises:					
Federal Home Loan Mortgage Corp. (Freddie Mac)	-	-	-	1,458,886	1,458,886
Federal National Mortgage Assoc. (Fannie Mae)	-	250,980	-	719,302	970,282
Federal Home Loan Bank	-	136,987	-	385,664	522,651
Money Markets	-	-	-	16,461,056	16,461,056
Total	\$ -	\$ 387,967	\$ -	\$ 23,730,851	\$ 24,118,818

Custodial Credit Risk

For an investment, the custodial credit risk is that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, CCP will not be able to recover the value of its investments that are in the possession of another party. CCP requires all securities purchased to be made in such a manner so that the securities are registered in CCP's name or are in the possession of CCP or a third-party custodian.

Concentration of Credit Risk

CCP diversifies its portfolio in order to minimize the impact of losses from any one individual issuer. It is CCP's policy to limit the amount invested in any one issuer at the time of purchase, excluding securities of the U.S. Government and government sponsored enterprise securities. There were no violations of the policy during the year.

At December 31, 2025, more than 5% of CCP's investments are in the following issuers:

Investment Issuer:	Percent of Total Investments
Federal Home Loan Mortgage Corp. (Freddie Mac)	6.0 %
U.S. Treasury Notes	19.5

CAPITAL CITY PROPERTIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements

CCP uses fair value measurements to record fair value adjustments to certain asset and liabilities and to determine fair value disclosures. CCP follows an accounting standard which defines fair value, establishes framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, CCP has categorized its investments, based on the priority of inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quotes and prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset.

Assets of CCP measured at fair value on a recurring basis are as follows:

Investment Type	Level 1	Level 2	Level 3	Total
U.S. Treasury Notes	\$ 4,705,943	\$ -	\$ -	\$ 4,705,943
Government-Sponsored Enterprises:				
Federal Home Loan Mortgage Corp.	-	1,458,886	-	1,458,886
Federal National Mortgage Assoc.	-	970,282	-	970,282
Federal Home Loan Bank	-	522,651	-	522,651
Total Investments at Fair Value	<u>\$ 4,705,943</u>	<u>\$ 2,951,819</u>	<u>\$ -</u>	<u>7,657,762</u>
Money Market Funds at Amortized Cost				16,461,056
Total Investments				<u>\$ 24,118,818</u>

**CAPITAL CITY PROPERTIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 CAPITAL ASSETS

Capital assets additions, retirements, and balances for the year ended December 31, 2025 consisted of the following:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital Assets, Not Being Depreciated:				
Land Improvements and Other	\$ 150	\$ -	\$ -	\$ 150
Capital Assets, Being Depreciated:				
Leasehold Improvements	291,502	-	-	291,502
Accumulated Depreciation for:				
Leasehold Improvements	(72,875)	(14,575)	-	(87,450)
Total Capital Assets Being Depreciated, Net	218,627	(14,575)	-	204,052
Total Capital Assets, Net	\$ 218,777	\$ (14,575)	\$ -	\$ 204,202

NOTE 4 LONG-TERM OBLIGATIONS

Long-term obligations consisted of the following as of December 31, 2025.

<u>Description</u>	<u>Amount</u>
Other Long-Term Payables	\$ 190,000

A schedule of changes in the noncurrent liabilities for the year ended December 31, 2025 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Other Long-Term Payables	\$ 280,000	\$ -	\$ (90,000)	\$ 190,000	\$ 95,000

NOTE 5 RELATED PARTY TRANSACTIONS

As discussed in Note 1, CCP's corporate purpose is to perform functions and carry out certain public purposes of the Port Authority. In conjunction with this purpose, the CCP board resolved that periodic grants will be made to the Port Authority. In 2025, said grants totaled \$850,000.

**CAPITAL CITY PROPERTIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 RELATED PARTY TRANSACTIONS (CONTINUED)

In 2003, the Port Authority issued a limited obligation revenue bond to be repaid solely from tax revenues received from the Energy Lane Business Center Tax Increment Financing (TIF) District. In 2011 the bonds were refunded through a Tax Increment Financing refunding note, Series 2011-2 with CCP totaling \$1,740,000. As of December 31, 2025 the obligation has been paid in full.

In prior years, CCP also entered into a \$400,000 loan agreement with the Port Authority to assist in the remediation of the Port Authority's Riverbend TIF District development project. The loan is to be repaid with tax increment funds received from the District.

NOTE 6 COMMITMENTS AND CONTINGENCIES

Risk Management

CCP is exposed to various risks of loss related to torts; theft of, damage, to and destruction of assets; errors or omissions; general liability; and workers' compensation and unemployment claims for which CCP carries commercial insurance. CCP has not reduced insurance coverage in the past year and settled claims have not exceeded commercial insurance coverage in any of the three preceding years.

NOTE 7 JOINT VENTURES

As of year-end, CCP participates in two joint ventures in which property, remediated land and, in some instances, cash are contributed as CCP's share in the capital required. The other party in the joint ventures generally contributes cash, management expertise and oversight, and agrees to cover project shortfalls, if any.

One of the joint ventures, the Wellington Joint Venture, includes 3 facilities on approximately 21 acres in Riverbend Business Center. CCP is 50% owner in this joint venture; thus, equity earnings in the joint venture is recorded. During the year ended December 31, 2025, CCP received \$324,414 from this joint venture. As of December 31, 2025, CCP has no recorded investment in this joint ventures, as cumulative distributions exceeded capital contributions and cumulative gains/losses on the joint ventures. Separate financial statements are not issued for the joint ventures.

**CAPITAL CITY PROPERTIES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 8 MAJORITY EQUITY INTERESTS

In 2016, CCP entered into an operating agreement with one other party for Go Wild, LLC, a Limited Liability Company formed for the purpose of redeveloping 2.25 acres of real property at 400 Wabasha Street North in St. Paul, Minnesota now known as the Treasure Island Center. This arrangement was previously reported as a joint venture in CCP's financial statements. On August 26, 2020, this operating agreement was amended and restated, resulting in four members of the company, with CCP having a 72.5% equity interest in the LLC. CCP's allocated equity in Go Wild, LLC as of December 31, 2025, was \$(6,020,397) but per governmental accounting standards, CCP majority equity interest asset at December 31, 2025 was only marked down to \$-0-. Changes in members' equity for the year ended December 31, 2025 is as follows:

	Total Members' Equity	72.50% CCP	27.50% Other Members
Balances, December 31, 2024	\$ (8,870,631)	\$ (4,552,854)	\$ (4,317,777)
2025 Change in Net Position	(2,024,197)	(1,467,543)	(556,654)
Member Contributions	-	-	-
Balances, December 31, 2025	<u>\$ (10,894,828)</u>	<u>\$ (6,020,397)</u>	<u>\$ (4,874,431)</u>



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