MONTANA
FACILITY FINANCE AUTHORITY

Department of Commerce

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MEMORANDUM

To: MFA Board Members
From: Adam Gill, Seth Lutter, Monica Birlut, and Carolyn Jones
Date: July 14, 2025
Subject: MFFA Board Special Purpose Meeting Monday, July 21, 2025

Enclosed, please find board meeting materials for our upcoming MFFA Board Special Purpose Meeting:

This will be a short meeting. We have an inducement for US Energy Corporation for up to $60 million in tax-exempt bonds to support a processing plant and infrastructure to process and liquefy high purity helium, supply merchant grade carbon dioxide, and sequester carbon dioxide

As always, please call or write if you have any questions.

MICROSOFT TEAMS INSTRUCTIONS

Conference Link
Meeting ID: 242 890 300 142
Password: Xo64Rv7z
OR
Dial by Telephone: +1 406-318-5487
Meeting ID: 460 230 610#

MONTANA FACILITY FINANCE AUTHORITY
Special Purpose Board Meeting
July 21, 2025

Meeting via Teams

MEETING AGENDA

11:00 **I. CALL TO ORDER**
A. Roll Call
B. Disclosure and Conflict of Interest

II. PUBLIC COMMENT on Board Related Items

III. FINANCINGS
A. US Energy Corporation
1. Resolution No. 25-06
Joining in Person:
Nathan Bilyeu, Bond Counsel – Jackson, Murdo & Grant

11:30 **DISMISS**

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RESOLUTION NO. 25-06

RESOLUTION DECLARING THE OFFICIAL INTENT OF THE MONTANA FACILITY FINANCE AUTHORITY TO REIMBURSE CERTAIN ORIGINAL EXPENDITURES RELATED TO THE CONSTRUCTION OF A HELIUM AND CARBON DIOXIDE PROCESSING FACILITY BY U.S. ENERGY CORPORATION FROM THE PROCEEDS OF TAX-EXEMPT BONDS TO BE ISSUED BY THE AUTHORITY AFTER THE PAYMENT OF SUCH ORIGINAL EXPENDITURES

WHEREAS, U.S. Treasury Regulations, Section 1.150-2 (the "Reimbursement Regulations"), promulgated pursuant to Section 150 of the Internal Revenue Code of 1986, as amended (the "Code"), provides that the allocation of the proceeds of tax-exempt bonds to expenditures for governmental purposes originally paid from a source other than such tax-exempt bonds will be treated as expenditures of such tax-exempt bonds only if certain requirements of the Reimbursement Regulations are satisfied by the issuer of such tax-exempt bonds; and

WHEREAS, the Montana Facility Finance Authority (the "Authority") expects that U.S. Energy Corporation (the "Borrower") will pay certain original expenditures for the construction and/or development of a processing plant and infrastructure to process and liquefy high purity helium, supply merchant grade carbon dioxide, and sequester carbon dioxide (the "Project") and which original expenditures are expected to be reimbursed from the proceeds of one or more series of tax-exempt bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE MONTANA FACILITY FINANCE AUTHORITY, AS FOLLOWS:

1. The Authority has a reasonable expectation (within the meaning of Treasury Regulations, Section 1.148-1(b)) that it will make expenditures for the Project in calendar year 2025 and/or 2026. The Authority has a reasonable expectation that it will issue one or more series of tax-exempt bonds (the "Bonds") in the estimated maximum principal amount not to exceed $60,000,000 to finance the Project and that the Borrower will make reimbursement allocations with respect to such original expenditures for the Project from the proceeds of such Bonds.

2. This Resolution shall be maintained as part of the books and records of the Authority at the main administrative office of the Authority, and shall be continuously available during normal business hours of the Authority on every business day of the period beginning not more than thirty (30) days after adoption of this Resolution and ending on the last date of issue of any Bonds.

3. This Resolution has been adopted not later than sixty (60) days after payment of any original expenditure for the Project to be subject to a reimbursement allocation with respect to the proceeds of the Bonds.

4. All reimbursement allocations with respect to the Bonds will be made not later than eighteen (18) months after the later of: (i) the date the original expenditure is paid; or (ii) the date the Project is placed in service or abandoned, but in no event more than three (3) years after an original expenditure is paid for the Project. If the Bonds are eligible for the small issuer exception from arbitrage rebate, the "18-month" limitation above is extended to "three years" and the "three-year" maximum reimbursement period is disregarded.

5. All original expenditures to which reimbursement allocations are to be made constitute: (i) capital expenditures; (ii) costs of issuance of the Bonds; (iii) expenditures for extraordinary, nonrecurring items that are not customarily payable from current revenues, such as casualty losses or extraordinary legal judgments in amounts in excess of reasonable insurance coverage, and for which no

reserve is maintained; or (iv) a grant (as defined in Treasury Regulations, Section 1.148-6(d)(4), as a transfer for a governmental purpose of money or property to a transferee that is not a related party to or an agent of the transferor with respect to which no obligation or condition is imposed to directly or indirectly repay any amount to the transferor).

6. The limitations set forth in paragraphs 3 and 4 of this Resolution do not apply to: (i) the costs of issuance of the Bonds; (ii) an amount not in excess of the lesser of $100,000 or five percent (5%) of the proceeds of the Bonds; or (iii) preliminary expenditures up to an amount not in excess of twenty percent (20%) of the aggregate issue price of the Bonds that finance or are reasonably expected by the Authority to finance the Project for which the preliminary expenditures were incurred. The term "preliminary expenditures" includes architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of the Project, other than land acquisition, site preparation, and similar costs incident to commencement of construction.

7. This Resolution is an expression of the reasonable expectations of the Authority based on the facts and circumstances known to the Authority as of the date hereof. The anticipated original expenditures for the Project are consistent with the Authority's budgetary and financial circumstances. No sources other than proceeds of Bonds to be issued by the Authority are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside pursuant to the Authority's budget or financial policies to pay such expenditures for the Project.

8. This Resolution is intended to constitute a declaration of official intent for purposes of the Reimbursement Regulations.

9. No reimbursement allocation of the proceeds of the Bonds to expenditures for the Project will employ an abusive arbitrage device (within the meaning of Treasury Regulations, Section 1.148-10) to avoid the arbitrage restrictions or to avoid the restrictions of Sections 141 through 150 of the Code.

Passed and approved by the Authority this 21st day of July, 2025.

MONTANA FACILITY FINANCE AUTHORITY

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By: Vu Pham
Its: Chairman

ATTEST:

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By: Adam Gill
Its: Executive Director