

EXHIBIT A  
FORM OF NOTE

UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
COUNTY OF RAMSEY

PORT AUTHORITY OF THE CITY OF SAINT PAUL  
TAX-EXEMPT REVENUE NOTE  
(NEIGHBORHOOD ENERGY CONNECTION PROJECT), SERIES 2013-5

No. R-1

\$ \_\_\_\_\_

Original Issue Date: \_\_\_\_\_, 2013

Maturity Date: \_\_\_\_\_, 20\_\_

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE FEDERAL SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD OR OTHERWISE DISPOSED OF FOR VALUE, OR TRANSFERRED, WITHOUT (i) AN OPINION OF COUNSEL THAT SUCH SALE, DISPOSITION OR TRANSFER MAY LAWFULLY BE MADE WITHOUT REGISTRATION UNDER THE FEDERAL SECURITIES ACT OF 1933, AS AMENDED AND UNDER APPLICABLE STATE SECURITIES LAWS, OR (ii) SUCH REGISTRATION. THE TRANSFERABILITY OF THIS NOTE IS SUBJECT TO RESTRICTIONS REQUIRED BY (1) FEDERAL AND STATE SECURITIES LAWS GOVERNING UNREGISTERED SECURITIES; (2) THE RULES, REGULATIONS, AND INTERPRETATIONS OF THE GOVERNMENTAL AGENCIES ADMINISTERING SUCH LAWS; AND (3) THE PROCEDURE ESTABLISHED TO EFFECT COMPLIANCE THEREWITH AND AGREED TO BY THE OWNER OF SUCH SECURITIES AND OTHER LIMITATIONS PROVIDED IN THE PLEDGE AGREEMENT BETWEEN THE ISSUER, THE ORIGINAL PURCHASER AND REGISTERED OWNER HEREOF AND THE BORROWER REFERRED TO BELOW.

THIS NOTE HAS NOT BEEN REGISTERED UNDER CHAPTER 80A OF MINNESOTA STATUTES OR OTHER APPLICABLE STATE BLUE SKY LAWS AND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF FOR VALUE EXCEPT PURSUANT TO REGISTRATION OR OPERATION OF LAW.

The PORT AUTHORITY OF THE CITY OF SAINT PAUL, RAMSEY COUNTY, MINNESOTA, a body corporate and politic organized and existing under the laws of the State of Minnesota (the "Issuer"), for value received, promises to pay to the order of WESTERN BANK, a Minnesota banking corporation, at its offices in Saint Paul, Minnesota, or registered assigns (the "Lender" or the "Holder"), or such other place as the Lender may designate in writing, solely from the source and in the manner hereinafter provided, the maximum principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), or so much thereof as has been advanced hereunder pursuant to the Loan Agreement, dated the date of original issue set forth above (the "Loan Agreement") between the Issuer and Neighborhood Energy Connection, a Minnesota nonprofit

corporation (the "Borrower"), with interest on the unpaid principal amount at the rate per annum set forth below (or, upon the occurrence of a Determination of Taxability (as hereinafter defined), at the Taxable Rate set forth below), in any coin or currency which at the time or times of payment is legal tender for the payment of public or private debts in the United States of America. This Note is payable in the amounts and at the times described below.

A. Schedule of Payments.

Payments on this Note are due on the \_\_\_\_\_ day of each month commencing one month from the original issue date set forth above and the \_\_\_ day of each consecutive month thereafter through and including the maturity date set forth above (each such date a "Payment Date") as follows:

Payments of interest only on the unpaid balance of the principal amount hereof advanced (as set forth on Exhibit A hereto) to the Borrower pursuant to the Loan Agreement and outstanding from time to time will be payable at the annual rate set forth below commencing on the first Payment Date and continuing on each Payment Date thereafter the following five consecutive Payment Dates (6 months).

Payments of principal and interest at the annual rate set forth below will be payable commencing on the 7<sup>th</sup> Payment Date (the "Amortization Commencement Date"), and continuing on each Payment Date thereafter through and including the maturity date set forth above (240 months). (TOTAL TERM: 246 MONTHS)

The entire outstanding principal balance and interest, if not sooner paid, must be paid in full on the maturity date set forth above.

If any Payment Date is not a business day, such payment shall be payable on the next succeeding business day with the same effect as if paid on such date and without additional interest payable thereon.

B. Calculation of Interest.

Interest payments will be computed on the basis of a year of 360 days composed of twelve 30-day months and actual days elapsed. In no event shall the interest rate exceed the maximum lawful rate.

C. Initial Rate.

Through and including \_\_\_\_\_, \_\_\_\_\_, interest will be payable at the annual rate of \_\_\_\_\_% per annum (the "Initial Rate"). Thereafter, interest will be payable at the Adjusted Rate described below.

D. Interest Rate Adjustments.

On the 60<sup>th</sup>, 120<sup>th</sup>, 180<sup>th</sup> and 240<sup>th</sup> Payment Date (each such date, an "Adjustment Date"), the interest rate on this Note will be adjusted to a rate per annum equal to 67%

times the sum of (i) 3.00% and (ii) the 5-Year Treasury Rate in effect as of the Adjustment Date, (along with an increase pursuant to a Determination of Taxability as described below, the "Adjusted Rate"); provided, however, that in no event, other than pursuant to a Determination of Taxability, shall the interest rate on this Note (y) be less than the Initial Rate or (z) exceed the sum of the Initial Rate plus 3.00% per annum. If any Adjustment Date does not fall on a business day, the Adjustment Date shall be the next succeeding business day.

As used herein, "5-Year Treasury Rate" means the published yield on United States Treasury Notes adjusted to a constant maturity of five years as of the date of determination, as published and made available at <http://www.bloomberg.com/markets/rates/index.html> (the "Index"); provided, however, that in the event that such Index is no longer published or otherwise made available by the Federal Reserve at <http://www.federalreserve.gov/releases/h15/data.htm>, the Index shall be a substantially comparable index selected by the Lender in its sole discretion.

E. Adjustment and Application of Payments.

Monthly installments of principal and interest must be in an amount sufficient to amortize the then outstanding principal amount hereof at the interest rate then in effect over the remaining term of this Note. On the Amortization Commencement Date, the installments hereunder will be adjusted to amortize the then outstanding principal amount over the remaining term of this Note at such Adjusted Rate, payable, commencing on the Amortization Commencement Date. On the each Adjustment Date (other than the Amortization Commencement Date), the installments hereunder will be adjusted to amortize the then outstanding principal amount over the remaining term of this Note at such Adjusted Rate, payable, commencing on the Payment Date following each Adjustment Date.

Payments on this Note will be applied in accordance with Section 6.07 of the Loan Agreement.

Reference is made to Section G below with respect to (i) the adjustment of monthly payments hereon in the event of a prepayment and (ii) the application of prepayments on this Note.

F. Late Payment Penalty.

Time is of the essence with respect to this Note. In the event of a failure to make when due any interest payment or principal and interest payment required under this Note, the interest payment or principal and interest payment so in default continues as an obligation until the interest payment or principal and interest payment in default has been fully paid. Penalties for late payments hereunder will be paid and calculated in accordance with Section 3.11 of the Loan Agreement.

G. Determination of Taxability.

In the event of a Determination of Taxability (as defined in the Loan Agreement), the rate of interest hereon will be automatically increased to an annual rate of interest equal to the rate of interest payable hereon divided by 0.67 as the same is adjusted according to the terms hereof (the "Taxable Rate") and will be considered an Adjusted Rate hereunder. Such increased rate is to be effective as of the Date of Taxability (as defined in the Loan Agreement) and will be considered an Adjustment Date hereunder. Pursuant to the Loan Agreement, the Borrower will forthwith pay to the Lender, as additional Loan Repayments, an amount (the "Tax Loss Amount") equal to (a) the aggregate difference between (i) the amounts actually paid hereunder between the Date of Taxability and the date of receipt of notice of the Determination of Taxability, and (ii) the amounts which would have been due during such period if the increased interest rate had been in effect, together with (b) the amount of interest and penalties, if any, incurred by the Lender as a result of such change in taxable status.

H. Prepayment.

This Note is subject to prepayment in immediately available funds on any business day at the option of the Borrower, in whole or in part, and subject to certain prepayment penalties as provided in Section 5.01 of the Loan Agreement. To exercise this option, the Borrower must give written notice in the name of the Issuer to the Lender not less than 30 days prior to the date fixed for prepayment; provided that the Lender may waive or provide alternative shorter notice requirements. The prepayment price is equal to the outstanding principal amount of this Note to be prepaid plus accrued interest to the redemption date plus any penalty payable pursuant to Section 5.01 of the Loan Agreement.

If the Borrower so requests, and if partial prepayment is made which is equal to or greater than five percent of the then outstanding principal balance of this Note, the installments hereunder will be adjusted to amortize the then outstanding principal amount over the remaining term of this Note, payable commencing with the next installment due after such prepayment.

This Note is subject to prepayment in whole on the sale or other disposition of the Project.

At the date fixed for prepayment, funds must be paid to the Lender at its registered address. All prepayments will be applied in accordance with Section 6.07 of the Loan Agreement.

**Advances.** Advances of principal (each, an "Advance") in an aggregate amount not to exceed the maximum principal sum set forth above may be made under this Note from time to time in accordance with the Disbursing Agreement dated the original issue date set forth above between the Borrower, the Lender and \_\_\_\_\_ (the "Disbursing Agreement"),

beginning on the date hereof to and including \_\_\_\_\_, 20\_\_\_. The amount and date of each Advance must be noted by the Lender on Exhibit A attached hereto.

**Purpose and Authority.** This Note is issued as authorized by the Constitution and laws of the State of Minnesota, particularly Minnesota Statutes, Sections 469.152 through 469.165, and a resolution of the governing body of the Issuer duly adopted on May 28, 2013 (the "Resolution"). This Note is issued by the Issuer for the purpose of providing funds to be loaned to the Borrower, pursuant to the terms of the Loan Agreement, to be used (i) for a project, as defined in Minnesota Statutes, Section 469.153, Subd. 2, consisting of the acquisition and renovation of an office building located at 1754 University Avenue West, Saint Paul, Minnesota, to be owned by and serve as the headquarters for the Borrower, and (ii) to pay necessary expenses incidental thereto.

**Security.** This Note is secured by an assignment of the Loan Agreement by the Issuer to the Lender pursuant to a Pledge Agreement dated the original issue date set forth above, and a Mortgage, Security Agreement, Fixture Financing Statement and Assignment of Leases and Rents, dated the original issue date set forth above (the "Mortgage"), from the Borrower, as mortgagor, to the Lender, as mortgagee. (The Loan Agreement and the Mortgage are collectively referred to herein as the "Note Documents.") The disbursement of the proceeds of this Note is subject to the terms and conditions of the Loan Agreement. The Issuer has assigned and granted to the Lender a security interest in all of the Issuer's right, title, and interest in the Loan Agreement (except the Unassigned Issuer's Rights).

**Limited Liability of Issuer.** The liability of the Issuer under this Note is limited as provided herein and in Section 7.06 of the Loan Agreement. This Note is a special limited obligation of the Issuer payable solely from payments derived pursuant to the Loan Agreement and from the property which secures payment of this Note. This Note and interest hereon and any service charge or penalty, if any, due hereunder will never constitute a debt of the Issuer within the meaning of any constitutional provision or statutory limitation and will never constitute or give rise to a pecuniary liability or a general or moral obligation of the Issuer or a charge against its general credit or taxing powers. This Note does not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the Issuer, except revenues under the Loan Agreement, and the agreement of the Issuer to perform or cause the performance of the covenants and other provisions herein referred to is subject at all times to the availability of revenues from the Loan Agreement and the other Note Documents sufficient to pay all costs of such performance or the enforcement thereof. As in the case of payment of the principal amount of this Note and interest thereon, the Issuer's obligation to pay the Tax Loss Amount and any penalty for late payments is a special and limited revenue obligation of the Issuer payable solely from payments derived pursuant to the Note Documents and from property which secures payment of this Note.

**Transfer and Registration.** As provided in the Resolution and subject to certain limitations set forth therein, this Note is transferable upon the books of the Issuer at the office of the Chief Financial Officer, as registrar (the "Registrar") by the registered Holder in person or by its attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered Holder or its duly

authorized attorney. Upon such transfer, the Registrar will note the date of registration and the name and address of the newly registered Holder in the registration blank appearing below. Alternatively, the Registrar will, at the request of the registered Holder, authenticate and deliver a new note in an aggregate principal amount equal to the unpaid principal balance of this Note, and of like tenor except as to number and principal amount, and registered in the name of the registered Holder. The Registrar may deem and treat the person in whose name this Note is last registered upon the books of the Registrar, with such registration noted on this Note, as the absolute owner hereof for the purpose of receiving payment of or on account of the principal balance, prepayment price, or interest and for all other purposes; all such payments so made to the registered Holder or upon its order will be valid and effectual to satisfy and discharge the liability upon this Note to the extent of the sum or sums so paid, and the Registrar will not be affected by any notice to the contrary.

**Incorporation by Reference.** All of the agreements, conditions, covenants, provisions and stipulations contained in the Resolution and the Note Documents are made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein.

**Acceleration.** If an Event of Default (as defined in the Loan Agreement) occurs under this Note and is not cured within the time periods, if any, set forth therein, or if a default occurs under the Note Documents and is not cured within any applicable grace period and is continuing, then the Lender may at its right and option declare immediately due and payable, without further notice, the principal balance of this Note and interest accrued thereon plus any costs and expenses incurred by the Lender in collecting or enforcing payment thereof, whether suit be brought or not, and all other sums due hereunder or under the Note Documents, anything to the contrary therein notwithstanding, and payment thereof may be enforced and recovered in whole or in part, at any time, by one or more of the remedies provided in the Note Documents or this Note. The Lender may extend the time for payment of interest and/or principal of this Note, without notice to or consent of any party liable hereon and without releasing any such party.

**Cumulative Remedies.** The remedies of the Lender, as provided herein and in the Note Documents, are cumulative and concurrent; may be pursued singly, successively, or together and, except as provided in the Note Documents, at the sole discretion of the Lender; and may be exercised as often as occasion therefor occurs. The failure to exercise any such right or remedy may in no event be construed as a waiver or release thereof.

**Waiver of Default.** Except as may be provided in the Loan Agreement, the Lender may waive any default, except that any such waiver to be effective must be in writing and must not apply to any other act or default. The Lender will not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Lender and then only to the extent specifically set forth in the writing.

**Waiver of Demand; Extension.** The Issuer waives demand, presentment, protest, and notice of dishonor and agrees that without any notice, the Holder hereof and any present or future owner or owners of any property and interests covered by the Mortgage or any other document given to secure this Note, or executed in connection with this Note, may from time to time extend, renew, or otherwise modify to the benefit of the Issuer the date or dates or amount

or amounts of payment above recited. To the extent permitted by law, the Holder hereof may from time to time release any part or parts of the property and interests subject to the Mortgage or to any such other document from the same, with or without consideration. In any case, the Borrower, subject to limitation of the Issuer's liability, continues to be liable to pay the unpaid balance of the indebtedness evidenced hereby as so extended, renewed, or modified and notwithstanding any such release, and further agrees, subject to limitation of the Issuer's liability, to pay all costs of collection, including a reasonable amount for attorneys' fees, in case any payment is not made at maturity, and all costs and expenses, including attorneys' fees, incurred in protecting the security for this Note or in preserving the properties or interests or any part hereof described in the Mortgage and in any such other document, whether suit be brought or not or whether or not as a result thereof the interest on this Note is no longer exempt from the federal or state income tax. In no event, however, may the maturity date set forth above be extended beyond 40 years from the original issue date set forth above.

**Severability.** If any term of this Note, or the application thereof to any person or circumstances, is to any extent invalid or unenforceable, the remainder of this Note, or the application of such term to persons or circumstances other than those as to which it is invalid or unenforceable, will not be affected thereby, and each term of this Note is valid and enforceable to the fullest extent permitted by law.

**Binding Effect.** This Note applies to, inures to the benefit of and is binding not only on the Issuer, the Borrower and the Lender, but on their successors and assigns. The terms "Lender" and "Holder" each mean the registered holder and owner of this Note, whether or not named as the holder herein.

**Amendments Must be Written.** This Note may not be amended, modified or changed, except only by an instrument in writing and signed by the party against whom enforcement of any amendment, change, modification or discharge is sought.

**Qualified Tax-Exempt Obligation.** The Issuer has designated this Note as a "qualified tax-exempt obligation" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

IT IS CERTIFIED AND RECITED that all conditions, acts, and things required to exist, happen, and be performed precedent to or in the issuance of this Note do exist, have happened, and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, the Issuer has caused this Note to be duly executed by its duly authorized officers on the original issue date first written above.

PORT AUTHORITY OF THE CITY OF  
SAINT PAUL, MINNESOTA

By \_\_\_\_\_  
President

\_\_\_\_\_  
Chief Financial Officer



**PROVISIONS AS TO REGISTRATION**

The ownership of the unpaid principal balance of this Note and the interest accruing therein is registered on the books of the Port Authority of the City of Saint Paul, Minnesota, in the name of the registered Holder last noted below.

<b>Date of Registration</b>	<b>Name and Address of Registered Holder</b>	<b>Signature of Chief Financial Officer</b>
__/__/2013	Western Bank 663 University Avenue Saint Paul, MN 55104 Federal Tax I.D. No. _____	_____

**ASSIGNMENT**

For value received \_\_\_\_\_ hereby sells, assigns and transfers unto \_\_\_\_\_ the attached Note of the Port Authority of the City of Saint Paul, and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer said Note on the books of said Port Authority, with full power of substitution in the premises. The undersigned certifies that the transfer is made in accordance with Section K of the Resolution authorizing the issuance of the Note.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Registered Owner

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**EXHIBIT A  
ADVANCEMENT TABLE**

<b>Date of Advance</b>	<b>Principal Amount of Advance</b>	<b>Remaining Principal Balance</b>