

RESOLUTION AUTHORIZING THE IMPLEMENTATION
AND ADMINISTRATION OF THE PROPERTY ASSESSED
CLEAN ENERGY PROGRAM ("MN PACE") AND THE
ISSUANCE OF TAXABLE SPECIAL ASSESSMENT
REVENUE BONDS IN CONNECTION THEREWITH

WHEREAS:

1. Minnesota Statutes, Sections 216C.435 and 216C.436 and Chapter 429 (collectively the "**Act**") authorize cities and counties to implement and administer a program to finance the acquisition and construction or installation of energy efficiency and conservation improvements (the "**Improvements**") on properties located through the State of Minnesota (the "**State**") through the use of special assessments.

2. Because of its expertise in the implementation and administration of the financing programs, including specifically the Trillion BTU Program, the Port Authority of the City of Saint Paul (the "Port Authority" has been asked to implement and administer the Property Assessed Clean Energy Program ("**MN PACE**") on behalf of cities and counties located throughout the State, as requested by those cities and counties.

3. The Port Authority has already received requests from one or more cities that it provide financing for Improvements located within their jurisdictions, on behalf of those cities and using special assessments levied by those cities.

4. In order to finance Improvements where requested, Port Authority staff has developed MN PACE and created drafts of the necessary implementing documents, including:

- (a) Flowchart of Financing Process;
- (b) Summary of Financing Process;
- (c) Program Report and Administrative Guidelines;
- (d) List of Eligible Improvements;
- (e) Application and Petition for Special Assessments;
- (f) Form of Bond Purchase Agreement; and
- (g) Form of Joint Powers Agreement

(collectively the "**Program Documents**"), a copy of which has been provided to the Commissioners for their review.

5. In connection with the implementation of MN PACE, and the financing of the Improvements, the Port Authority is negotiating with one or more lenders (individually a "**Lender**" and collectively the "**Lenders**") to purchase up to \$10,000,00 of taxable special assessment revenue bonds (collectively the "**Bonds**"), which are proposed to be issued by the Port Authority in one or more separate series, as funds are needed to finance Improvements

which are approved by the Port Authority as administrator of MN PACE, the city or county in which the Improvements are located and the applicable Lender.

6. The Port Authority's Credit Committee has given its approval to the implementation and administration of MN PACE and the proposed issuance of the Bonds, on the terms described in this Resolution.

7. The Bonds shall be payable at maturity upon presentation at the office of the Port Authority, or at the office of such other successor agent as the Port Authority may hereafter designate upon 60 days' mailed notice to the registered owner at its registered address. Interest and mandatory sinking fund payments shall be paid by check or draft of the Registrar mailed to the registered owner at its address shown on the registration books on each interest payment date unless other arrangements satisfactory to the Bond Registrar, the Port Authority and the registered owner of the Bonds are made. The Port Authority shall deposit funds with the Bond Registrar at the time and in the manner necessary to provide for the full and prompt payment of such principal and interest.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL, AS FOLLOWS:

I. General Authorization

A. On the basis of information available to the Port Authority it appears, and the Port Authority hereby finds, that: the implementation and administration of MN PACE under circumstances and for Improvements where the Port Authority has been asked to do so by the city or county where the applicable Improvements are located (a "**Host Jurisdiction**") is authorized by the Act, and promotes the purpose of using the Port Authority's administrative and financings skills to improve the State through the acquisition, construction or installation of energy efficiency and conservation improvements.

B. For the purpose of financing the Improvements, and paying certain costs of issuance and other expenses in connection with the issuance of the Bonds, the Port Authority hereby authorizes the issuance, sale and delivery of the Bonds to one or more Lenders in the aggregate principal amount not to exceed \$10,000,000. The Bonds shall be in such principal amount, bear interest at such rate, mature, and be subject to prepayment prior to maturity as shall be determined by the President and the Chief Financial Officer of the Port Authority and Bond Counsel.

C. Neither the Bonds, nor the interest thereon, shall constitute an indebtedness of the Port Authority, the City of Saint Paul, or any city or county in which the Improvements are located, within the meaning of any constitutional or statutory debt limitation; nor shall it constitute or give rise to a pecuniary liability of the Port Authority, the City of Saint Paul, or any city or county in which the Improvements are located, or a charge against their general taxing powers and neither the full faith and credit nor the general taxing powers of the Port Authority, the City of Saint Paul, or any city or county in which the Improvements are located is pledged to the payment of the Bonds or interest thereon.

D. It is hereby further found, determined and declared that:

1. The issuance and sale of the Bonds, the execution and delivery by the Port Authority of the Program Documents, as applicable, and the performance of all covenants and agreements of the Port Authority contained in the Program Documents, as applicable, and of all other acts and things required under the Constitution and laws of the State of Minnesota to make the Program Documents and the Bonds valid and binding obligations of the Port Authority in accordance with their terms, are authorized by the Act;

2. It is desirable that the Bonds be issued by the Port Authority upon the general terms set forth in the Program Documents, as applicable;

3. Under the provisions of and as provided in the Program Documents, the Bonds are not to be payable from or a charge upon any funds other than the revenues pledged to the payment thereof; no holder of the Bonds shall ever have the right to compel any exercise by the Port Authority, the City of Saint Paul or any city or county in which the Improvements are located, of their taxing powers to pay the Bonds or the interest or premium thereon, or to enforce payment thereof against any property of the Port Authority, the City of Saint Paul or any city or county in which the Improvements are located except the interests of the Port Authority which have been pledged to the payment thereof by the Program Documents; the Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Port Authority, the City of Saint Paul or any city or county in which the Improvements are located, except the interests of the Port Authority which have been pledged to the payment thereof by the Program Documents; the Bonds shall recite that it is payable, including interest thereon, solely from the revenues pledged to the payment thereof; and the Bonds shall not constitute a debt of the Port Authority, the City of Saint Paul or any city or county in which the Improvements are located within the meaning of any constitutional or statutory limitation.

E. The President and Chief Financial Officer of the Port Authority are authorized to review, revise and approve all documents reasonably required in connection with the implementation and administration of MN PACE and with the sale, issuance and delivery of the Bonds, including without limitation, the Program Documents described above. The President and Chief Financial Officer of the Port Authority are further authorized to review and approve all loans to be made for Improvements from the proceeds of the Bonds, provided that, in connection with each such loan, a Joint Powers Agreement in substantially the form included in the Program Documents described above has been provided by a Host Jurisdiction and the applicable Lender has approved such loan, and has entered into an appropriate Bond Purchase Agreement reflecting such approval.

F. Upon approval of the Program Documents and exhibits by the President and Chief Financial Officer, the President and Chief Financial Officer of the Port Authority, or such other officer as may be appropriate in the absence of either the President and Chief Financial Officer, are hereby authorized to execute the Program Documents and all other documents reasonably required in connection with individual loans to be made to finance Improvements, subject to the limitations described herein (to the extent the Port Authority is a party thereto) in the forms approved, and any other documents and certificates which in the opinion of Port Authority management and Bond Counsel are necessary to the transaction herein described. The execution

of any instrument by the appropriate officer or officers of the Port Authority herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof. The execution of any documents necessary for the transaction herein described by individuals who were at the time of execution thereof the authorized officers of the Port Authority shall bind the Port Authority, notwithstanding that such individuals or any of them has ceased to hold such office or offices prior to the authentication and delivery of the Bonds.

G. The President and other officers of the Port Authority are authorized and directed to prepare and furnish to the applicable Lender and Bond Counsel certified copies of proceedings and records of the Port Authority relating to the issuance of any series of Bonds and other transactions herein contemplated, and such other affidavits and certificates as may be required to show the facts relating to the legality of the Bonds and the other transactions herein contemplated as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the Port Authority as to the truth of all statements contained therein.

H. Approval by the President and Chief Financial Officer of the various Program Documents referred to above includes approval of, among other things:

1. the final principal amount of each series of Bonds, provided that the aggregate principal amount of all Bonds shall not exceed \$10,000,000;

2. the interest rate or rates to be borne by each series of Bonds, including any individual interest rates to be borne separately by any such series for specific Improvements, provided that the maximum annual interest rate on the Bonds or any such series shall be 7%;

3. whether or not a reserve is to be established for any particular series of Bonds and, if so, the requirements of such reserve;

4. the establishment of the maturity and prepayment provisions to be applicable to the Bonds, and to any series of Bonds made with respect to specific Improvements, provided that the final maturity of the Bonds and all such series shall not be later than 2043; and

5. such related instruments as may be required to satisfy the conditions of the applicable Lender.

I. The Port Authority acknowledges that the Lenders may grant participation interests in the Bonds to other financial institutions.

II. The Bonds

J. Before delivery of the Bonds, there shall be filed with the applicable Lender all documents required by such Lender in the applicable Bond Purchase Agreement executed in connection with the issuance of any series of Bonds.

K. The Port Authority will cause to be kept at the offices of the Port Authority a Bond Register in which, subject to such reasonable regulations as it may prescribe, the Port Authority shall provide for the registration of transfers of ownership of the Bonds. The Bonds shall be initially registered in the name of the applicable Lender and shall be transferable upon the Bond Register by the registered owner in person or by its agent duly authorized in writing, upon surrender of the Bonds together with a written instrument of transfer satisfactory to the Port Authority, duly executed by such registered owner or its duly authorized agent. The Port Authority may require, as a precondition to any transfer, that the transferee provide evidence to the Port Authority that the transferee is a financial institution or other accredited investor under the securities laws. The following form of assignment shall be sufficient for said purpose.

L. In case the Bonds shall become mutilated or be destroyed or lost, the Port Authority shall, if not then prohibited by law, cause to be executed and delivered a new Bond of like outstanding principal amount, number and tenor in exchange and substitution for and upon cancellation of such mutilated Bond, or in lieu of and in substitution for such Bond destroyed or lost, upon the registered owner's paying the reasonable expenses and charges of the Port Authority in connection therewith, and in the case of a Bond destroyed or lost, the filing with the Port Authority of evidence satisfactory to the Port Authority with indemnity satisfactory to it. If the mutilated, destroyed or lost Bond has already matured or been called for redemption in accordance with its terms it shall not be necessary to issue a new Bond prior to payment.

M. The Port Authority may deem and treat the person in whose name the Bonds are last registered in the Bonds Register and by notation on the Bonds, whether or not the Bonds shall be overdue, as the absolute owner of the Bonds for the purpose of receiving payment of or on account of the principal balance, redemption price or interest and for all other purposes whatsoever, and the Port Authority shall not be affected by any notice to the contrary.

N. The Bonds will be issued without being registered under state or other securities laws, pursuant to an exemption for such issuance; and accordingly the Bonds may not be assigned or transferred in whole or in part, nor may a participation interest in the Bonds be given pursuant to any participation agreement, except as an exempt security or as an exempt transaction.

III. Special Assessments

O. There is hereby created a special fund, to be known as the MN PACE Special Assessment Revenue Bond Fund (the "Bond Fund"), for purpose of paying principal and interest on the Bonds. The Bond Fund shall contain one or more subaccounts, as necessary to keep the interests of various Lenders separate and distinct. Except for any portion of the proceeds of the Bonds to be applied to payment of interest on the Bonds through September 1 of the first tax year which proceeds shall be deposited in the Bond Fund, the proceeds of the Bonds herein authorized shall be deposited in a separate construction fund to be used solely for the payment of expenses of the Improvements, to be disbursed in accordance with the MN PACE Program Documents. All future collections of special assessments for the Improvements levied by the applicable Host Jurisdiction and paid to the Port Authority by any such city or county (the "Special Assessments") are hereby irrevocably appropriated and pledged to (1) the payment of agreed upon administrative expenses of the Port Authority; (2) the payment of principal of and interest on the Bonds herein authorized; and (3) the reimbursement of amounts drawn from the Reserve Fund (described below) to pay principal of or interest on the Bonds, as needed, and the moneys

and investments in the Bonds Fund shall be used for no other purpose provided that amounts in excess of the amount of principal and interest then due on the Bonds may, at the option of the Port Authority, be deposited in an expense account to be applied to payment or reimbursement of administrative and overhead costs of the Port Authority.

P. The Port Authority covenants to apply assessments levied by a city or county requesting financing for Improvements located within its boundaries to the payment of principal and interest on the Bonds.

IV. Reserve Fund

Q. There is hereby created a special fund, to be known as the MN PACE Special Assessment Revenue Bond Reserve Fund (the "Reserve Fund"), for the purpose of providing additional security for the payment of principal and interest on the Bonds. In connection with the issuance of Bonds, to the extent required by the applicable Lender, the Port Authority shall deposit into the Reserve Fund an amount up to \$50,000.00 from funds identified by the President and Chief Financial Officer as appropriate for this purpose. In addition, to the extent required by the applicable Lender, the Bond will contain an amount equal to 10% of the principal amount of that Bond allocable to the Reserve Fund, which amount will be deposited to the Reserve Fund upon issuance of that series of Bonds. Finally, Special Assessments received under the Program which are in excess of the amounts needed to pay principal and interest due on all outstanding Bonds, and to pay agreed upon administrative expenses, will be deposited to the Reserve Fund as agreed between the Port Authority and the applicable Lender to enhance and replenish the Reserve Fund, as required.

R. The funds in the Reserve Fund are irrevocably pledged to and shall be used by the Port Authority, from time to time, as may be required, for the payment of principal of and interest on the series of Bonds cured thereby, as and when such principal and interest shall become due and payable, and for that purpose only. In the event that funds are ever withdrawn from the Reserve Fund in order to pay principal of, premium, if any, or interest on a series of Bonds, such funds shall be replenished by the Port Authority, as described above, solely from future collections of Special Assessments which are not then needed to pay principal and interest on the Bonds or administrative expenses.

S. To the extent that a Lender requires the establishment and/or maintenance of a Reserve Fund for one or more series of the Bonds, such requirement shall be reflected in an agreement between the Port Authority and such Lender entered into prior to the issuance of the respective series of Bonds, either as supplement to a Bond Purchase Agreement or otherwise.

V. Miscellaneous

T. The authority to approve, execute and deliver future amendments to financing documents entered into by the Port Authority in connection with the issuance of the Bonds and the other transactions herein contemplated, is hereby delegated to the President of the Port Authority, provided that: (a) such amendments do not require the consent of the Bank or if required, such consent has been obtained; (b) such amendments do not materially adversely affect the interests of the Port Authority as the issuer of the Bonds; (c) such amendments do not contravene or violate any policy of the Port Authority; and (d) such amendments are acceptable in form and substance to Bond Counsel. The execution of any instrument by the President of the

Port Authority shall be conclusive evidence of the approval of such instruments in accordance with the terms hereof.

U. No covenant, stipulation, obligation or agreement contained herein or in the Program Documents shall be deemed to be a covenant, stipulation, obligation or agreement of any member of the Board of Commissioners of the Port Authority, or any officer, agent or employee of the Port Authority in that person's individual capacity, and neither the Board of Commissioners nor any officer executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

V. If any provision of this Resolution shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions of any constitution or statute or rule or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions contained herein invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or paragraphs contained in this Resolution shall not affect the remaining portions of this Resolution or any part thereof.

W. The actions of Port Authority management in causing the publication of the notice of public hearing, and in communicating with the City of Saint Paul as needed with respect to the issuance of the Bonds, are hereby ratified and confirmed. Port Authority management is further authorized to take such other action as might be required to obtain any other approvals required for the issuance of the Bonds.

Adopted: July 23, 2013

PORT AUTHORITY OF THE CITY
OF SAINT PAUL

By

Its Chair

ATTEST:

By

Its Secretary

