

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

Case Type: Other Civil

Roland J. Jensen, et al.,

Court File No. 62-CV-10-6099

Judge: Robert A. Awsumb

Plaintiffs,

MEDIATED

vs.

SETTLEMENT AGREEMENT

Port Authority of the City of Saint Paul,

Defendant.

A mediation session was held on September 8, 2011 with Jonathan Lebedoff serving as mediator. The mediation was attended by representatives of Plaintiffs and Defendant and their respective attorneys.

The case was settled on the following terms:

1. Port Authority will extend pledge of Available Net Revenues through Sept. 1, 2032 at which date all pledges terminate and the 876 Bondholders rights under the Basic Resolution are fully discharged. Sources for Available Net Revenues are identified on Mediation Ex. 1, consisting of Land Lease Payments, Land & Facility Leases-876 Properties, Purchase Option Revenues, Fleeting and Tonnage Payments (the amounts listed are estimated and are one-half of the total Fleeting and Tonnage, Port retains the other one-half for the RMF for use only as river maintenance), but excluded from Ex. 1 are Dock Wall and Third-Party Costs. Port will provide schedule of the Facilities and tenants from whom the Available Net Revenues are derived that form the basis for the estimates in mediation, Ex. 1, and in the event of sale of any of those Facilities through Sept. 1, 2032, the Net Sale Proceeds are pledged and the Port shall secure the best price reasonably obtainable.
2. The Fleeting and Tonnage payments, and all amounts in the RMF, retained by the Port will be used for river maintenance such as dredging and dock wall repair. The parties acknowledge that the Port is not obligated to use its own resources outside of the foregoing, to repair or replace dock walls or other physical maintenance. The Port will seek from any and all other possible sources, including the State or Federal governments, to fund repair and replacement of dock walls and other maintenance, but the Port provides no assurances that other sources will become available .

3. Parties agree an independent Trustee will be retained to assume duties of paying agent, with authority to enforce the covenants of BR 876 and this Agreement for benefit of all bondholders, the Trustee shall have the right to review and audit all of the books and records of the Port relating to the 876 Program; the Port shall provide the Trustee on at least a semi-annual basis a recap of receipts by tenant or Facility; and Port shall not be required to provide an independent audit of the 876 Program. Trustee shall be paid from Available Net Revenues.
4. Port shall contribute \$1.5 million to 876 Bond Fund.
5. The following money will be in Bond Fund or the Special Funds, etc. identified below. The following are estimated amounts, actual to control.
 - a. \$22,200,000 in Prepaid Net Revenues and Special Funds
 - b. 1,500,000 from Port
 - c. _____? Available Net Revenues collected after May 15, 2011 through November 15, 2011.
6. Use of money in Bond Fund and Special Funds, etc. Estimated amounts.
 - a. \$11,000,000 to pay all past due and current interest due on 876 Bonds through Dec. 1, 2011 or such later date as the Court approves.
 - b. \$2,000,000 for attorneys fees and costs to Plaintiffs' attorneys subject to court approval and for which the Port takes no position.
 - c. \$20,000 to \$25,000 for third party costs of sending notices to all bondholders, including Georgeson, publication, mailing, etc.
 - d. Any additional attorneys fees and costs of Plaintiffs attorneys incurred as part of settlement, subject to Court approval and for which the Port takes no position.
 - e. Schechter Dokken paid in full, subject to court approval and for which the Port takes no position.
 - f. Port attorneys' fees and litigation costs incurred through September 8, 2011, after said date Port is responsible for its own legal fees and costs.
 - g. Balance remaining, estimated \$10,000,000 used for Dutch auction.
7. Dutch auction to be conducted by Port within reasonable time after court approval, estimated 6 months. Costs for Dutch auction are estimated at 75-100 basis points and are to be paid from tender offer funds. The foregoing costs include attorneys fees and costs incurred in preparing and mailing notices and US Bank fees, actual to control. Any unused amounts from Dutch Auction will go to the 876 Fund and used to pay bondholders as provided in the Basic Resolution.
8. This agreement is subject to approval of the Board of the Port and the Ramsey County District Court after notice has been sent to all bondholders and court hearing pursuant to Rule 23. Attorneys for all parties agree to recommend approval by their clients and the Court. If approval of the Board or Court is not obtained, the parties are restored to the same position as they are on today's date, and reserve all claims and defenses. The representative of the bondholders signing this agreement will recommend to all bondholders and the court to approve this settlement but shall have no individual or personal liability if this agreement is not obtained.

9. The parties will prepare and execute a mutual release that releases all claims of the parties asserted, or could have been asserted in the above-entitled matter. The rights and obligations of the parties under Basic Resolution 876, as modified herein, remain in full force and effect.

10. The parties also acknowledge that the payments referenced above are paid in compromise and settlement of disputed claims and is not to be construed as an admission of any liability whatsoever by any of the parties herein by whom liability is expressly denied.

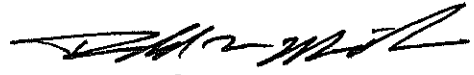
11. In executing this Agreement, the parties acknowledge that they have been advised by legal counsel and that they are not relying on representations or statements made by any of the parties herein released or anyone representing them. The parties represent and warrant that they have agreed to the terms of this release and settlement in entire reliance upon their own judgment and the advice and opinions of their own attorneys and advisors, and have not in any part relied upon the opinions of, or facts represented by, other parties to this agreement or attorneys for other parties.

12. This settlement is a binding agreement between the parties. Signing a mediated settlement agreement may adversely affect the legal rights of each party. The parties have been advised by their respective attorneys of the binding effect of this agreement and their legal rights. The parties further understand that the mediator has no duty to protect the parties' interests or inform them of their legal rights. The parties are signing this agreement of their own free will.

13. In the event the parties are unable to agree on the formal documents or upon the final terms or actions to be taken that are necessary to implement this agreement, then all parties appoint mediator Jonathan Lebedoff to serve as the final arbiter of the foregoing, and the mediator shall make the final determination of the terms required or actions to be taken to

implement this agreement consistent with the intent and understanding of the parties. If the services of the mediator are required to act as arbiter, the parties agree to compensate the mediator in the manner provided in the mediation agreement.

Dated: 8/28, 2011



Plaintiff REPRESENTATIVE FOR BONDHOLDERS

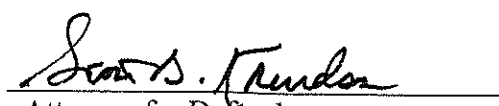


Attorney for Plaintiffs

Dated: 9/8, 2011



Defendants



Attorney for Defendant

Mediation Exhibit 1

Year	Years	876 Pledged Sources of Funds							
		(f) Land Lease Payments	Land & Facility Leases - 876 Properties	Purchase Option Revenues	(c) Fleeting Payments	(d) Tonnage Payments	(e) Dock Wall Replacement	Less Third Party Costs	Total
2011	0.0								75,000
2012	0.5	1,941,315	157,944	0	129,514	55,051	(825,000)	(150,000)	1,308,824
2013	1.5	1,981,099	157,944	0	129,514	55,051	(825,000)	(152,250)	1,346,358
2014	2.5	2,021,089	148,596	0	129,514	55,051	(825,000)	(154,534)	1,374,716
2015	3.5	2,063,008	81,189	89,000	129,514	55,051	(825,000)	(156,852)	1,435,910
2016	4.5	2,125,291	81,189	0	129,514	55,051	(825,000)	(159,205)	1,406,840
2017	5.5	2,171,820	81,189	0	129,514	55,051	(825,000)	(161,593)	1,450,981
2018	6.5	2,212,459	71,782	0	129,514	55,051	(300,000)	(164,017)	2,004,790
2019	7.5	2,251,187	0	71,500	129,514	55,051	(300,000)	(166,477)	2,040,775
2020	8.5	2,293,191	0	0	129,514	55,051	(300,000)	(168,974)	2,008,782
2021	9.5	2,353,637	0	0	129,514	55,051		(171,509)	2,366,693
2022	10.5	2,400,000	0	0	129,514	55,051		(174,082)	2,410,483
2023	11.5	2,436,000	0	0	129,514	55,051		(176,693)	2,443,872
2024	12.5	2,472,540	0	0	129,514	55,051		(179,343)	2,477,762
2025	13.5	2,509,628	0	0	129,514	55,051		(182,033)	2,512,160
2026	14.5	2,547,272	0	0	129,514	55,051		(184,763)	2,547,074
2027	15.5	2,585,481	0	0	130,971	55,051		(187,534)	2,583,969
2028	16.5	2,624,263	0	0	132,936	55,051		(190,347)	2,621,903
2029	17.5	2,663,627	0	0	134,930	55,051		(193,202)	2,660,406
2030	18.5	2,703,581	0	0	136,954	55,051		(196,100)	2,699,486
2031	19.5	2,744,135	0	0	139,008	55,051		(199,042)	2,739,152
2032	20.5	2,785,297	0	0	141,093	55,051		(202,028)	2,779,413
		49,885,922	779,835	160,500	2,758,595	1,156,079	(5,850,000)	(3,670,578)	45,295,352

Estimated rate of increases in 2023 and future years

1.50%

- Not used.
- Not used.
- Fleeting payments fixed through March 2027; assume estimated rate increases thereafter.
- Tonnage payments fixed at a set per ton fee, and assume no future change.
- Replacement of dock wall every forty years; cost increase same as rate increased used for leases.
- Actual lease rates through term of lease or historical lease increases through 2022, thereafter projected increases at the "estimated rate of increases in 2023 and future years" noted above.