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May, 2007

TO: Bondholders

RE: Liquidation of 876 Fund

The Ramsey County District Court has ordered termination of the Resolution 876 Common Revenue Bond Fund (the "Fund"). This termination is to be accomplished by sale of the remaining assets of the Fund, followed by distribution of the proceeds of the sale, together with all cash on hand, to you and all other Bondholders in proportion to the principal amount of Bonds you own.

Pursuant to the Court Orders, the Saint Paul Port Authority (the "Port Authority") has begun the work necessary to provide for the liquidation of the Fund, and the distribution of the proceeds of the sale of the Fund's assets to all bondholders. Barring further delay, it would be our expectation that the Fund would be liquidated, and all proceeds distributed, on or before December 31, 2007. To that end, and as provided in the Court Orders, the Port Authority will return to Ramsey County District Court for final approval of its liquidation proposal. Bondholders will be given notice of that hearing, which we would hope to schedule for some time in August, 2007.

Enclosed is a Notice of Filing of Orders which is being sent to you to start the period in which an appeal must be taken. Copies of the Court Orders are also enclosed. The Memorandum referred to in one of the Orders has also been posted to the Fund's website at [www.876fund.org](http://www.876fund.org) for your review. If you do not have access to this website, please contact Tom Collins (at the numbers shown below) for a copy of this Memorandum.

Since 1997, the Port Authority has issued an annual report to assist investors and the general public in assessing the status of the Fund. Because of the Orders received from the Ramsey County District Court, and the activities that will follow from those Court Orders, the Port Authority is not providing its report in the usual format for 2006. Instead, a copy of the audited financial report for the Fund for the period ending December 31, 2006 has been posted to the Fund's website. Again, if you do not have access to this website, please contact Tom Collins, at the numbers shown below, for a copy of that audit.

You will receive further communications from us as we proceed through the steps necessary to the liquidation. As always, however, if you have any questions, or if you do not have access to the Fund's website at [www.876fund.org](http://www.876fund.org), and want copies of the documents recently posted there, please contact Tom Collins at (651) 224-5686 or 1-800-328-8417.

Sincerely,

A handwritten signature in black ink, appearing to read "Kenneth R. Johnson".

Kenneth R. Johnson, President

STATE OF MINNESOTA  
COUNTY OF RAMSEY

CASE TYPE: 10 (OTHER CIVIL)  
DISTRICT COURT

SECOND JUDICIAL DISTRICT

Court File No. C5-06-200031  
C2-02-200043  
CX-04-200070

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In re a Petition for Instructions to Construe  
Basic Resolution 876 of The Port Authority of  
the City of Saint Paul.

**NOTICE OF FILING OF ORDERS**

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**TO ALL INTERESTED PARTIES:**

**YOU ARE HEREBY GIVEN NOTICE** that three orders and a memorandum opinion in the above referenced matter were signed and filed in the Ramsey County District Court, Probate Division, on May 17, 2007, by the Honorable Teresa R. Warner, Judge of District Court. Copies of the orders are attached. The memorandum opinion may be found at [www.876fund.org](http://www.876fund.org).

**IF YOU WISH TO OBJECT TO ANY OF THE ORDERS**, you must file an appeal in accordance with and within the time limits imposed by Minnesota Statute 501B.21 and the Rules of Civil Appellate Procedure. If you wish to file an appeal, you should consult your legal counsel immediately. The undersigned is legal counsel to the Port Authority of the City of Saint Paul, and does not represent the interests of any of the individual bondholders in this matter.

Dated: May 23, 2007

By:

Scott P. Knudson  
BRIGGS AND MORGAN  
Scott G. Knudson (#141987)  
Paul C. Thissen (#241416)  
80 S. Eighth Street, 2200 IDS Center  
Minneapolis, MN 55402  
Tel: (612) 977-8400  
Attorneys for Petitioners

STATE OF MINNESOTA

COUNTY OF RAMSEY

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DISTRICT COURT

SECOND JUDICIAL DISTRICT

In re a Petition for Instructions to  
Construe Basic Resolution 876 of  
The Port Authority of the City of  
St. Paul.

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Court File No.: C2-02-200043

**ORDER**

The above-entitled matter came before the Honorable Teresa R. Warner, District Court Judge, 1070 Ramsey County Courthouse, 15 W. Kellogg Blvd., St. Paul, Minnesota on a Motion to Vacate the October 8, 2002 Order. The Motion to Vacate was filed by a group of 876 bondholders referred to as the "Objecting Bondholders." On November 17, 2006, December 8, 2006, December 21, 2006 and January 26, 2007, this Court heard a number of motions in a related matter, C5-06-200031. In the related matter, the Objecting Bondholders challenged the jurisdiction of this Court. The Motion to Vacate the October 8, 2002 Order in this file is related to that jurisdictional challenge.

Scott G. Knudson, Esq. and Paul C. Thissen, Esq., Briggs and Morgan, P.A., 332 Minnesota Street, Suite 2200, St. Paul, MN 55101, and Terrence J. Garvey, Esq., Assistant City Attorney, 1900 Landmark Tower, 345 St. Peter Street, St. Paul, MN 55102 appeared on behalf of the Port Authority of the City of St. Paul.

Keith J. Broady, Esq., Phillip A. Cole, Esq., and Brett P. Clark, Esq., Lommen, Abdo, Cole, King and Stageberg, P.A., 2000 IDS Center, 80 South 8<sup>th</sup> Street, Minneapolis, MN 55402, appeared on behalf of the Objecting Bondholders.

Based on all of the files, records, proceedings, and post-hearing submissions:

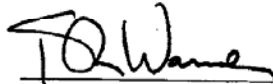
**IT IS HEREBY ORDERED THAT:**

1. This Court has jurisdiction in this matter, and for the reasons set forth in this Court's May 16, 2007 Order in court file C5-06-200031, the Objecting Bondholders' Motion to Vacate the October 9, 2002 court order is **DENIED**;

**It is so Ordered.**

By the Court:

Date: *May 16, 2007*



Teresa R. Warner  
Ramsey County District Court Judge

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

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In re a Petition for Instructions to  
Construe Basic Resolution 876 of  
The Port Authority of the City of  
St. Paul.

Court File No.: CX-04-200070

**ORDER**

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The above-entitled matter came before the Honorable Teresa R. Warner, District Court Judge, 1070 Ramsey County Courthouse, 15 W. Kellogg Blvd., St. Paul, Minnesota on a Motion to Vacate the October 22, 2004 Order. The Motion to Vacate was filed by a group of 876 bondholders referred to as the "Objecting Bondholders." On November 17, 2006, December 8, 2006, December 21, 2006 and January 26, 2007, this Court heard a number of motions in a related matter, C5-06-200031. In the related matter, the Objecting Bondholders challenged the jurisdiction of this Court. The Motion to Vacate the October 22, 2004 Order in this file is related to that jurisdictional challenge.

Scott G. Knudson, Esq. and Paul C. Thissen, Esq., Briggs and Morgan, P.A., 332 Minnesota Street, Suite 2200, St. Paul, MN 55101, and Terrence J. Garvey, Esq., Assistant City Attorney, 1900 Landmark Tower, 345 St. Peter Street, St. Paul, MN 55102 appeared on behalf of the Port Authority of the City of St. Paul.

Keith J. Broady, Esq., Phillip A. Cole, Esq., and Brett P. Clark, Esq., Lommen, Abdo, Cole, King and Stageberg, P.A., 2000 IDS Center, 80 South 8<sup>th</sup> Street, Minneapolis, MN 55402, appeared on behalf of the Objecting Bondholders.

Based on all of the files, records, proceedings, and post-hearing submissions:

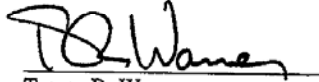
**IT IS HEREBY ORDERED THAT:**

1. This Court has jurisdiction in this matter, and for the reasons set forth in this Court's May 16, 2007 Order in court file C5-06-200031, the Objecting Bondholders' Motion to Vacate the October 22, 2004 court order is **DENIED**;

**It is so Ordered.**

By the Court:

Date: May 16, 2007

  
Teresa R. Warner  
Ramsey County District Court Judge

STATE OF MINNESOTA  
COUNTY OF RAMSEY

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DISTRICT COURT  
SECOND JUDICIAL DISTRICT

In re a Petition for Instructions to  
Construe Basic Resolution 876 of  
The Port Authority of the City of  
St. Paul.

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Court File No.: C5-06-200031

**ORDER**

The above-entitled matter came on for hearing on November 17, 2006, December 8, 2006, December 21, 2006 and January 26, 2007 before the Honorable Teresa R. Warner, District Court Judge, 1070 Ramsey County Courthouse, 15 W. Kellogg Blvd., St. Paul, Minnesota, 55102.

Scott G. Knudson, Esq. and Paul C. Thissen, Esq., Briggs and Morgan, P.A., 332 Minnesota Street, Suite 2200, St. Paul, MN 55101, and Terrence J. Garvey, Esq., Assistant City Attorney, 1900 Landmark Tower, 345 St. Peter Street, St. Paul, MN 55102 appeared on behalf of the Port Authority of the City of St. Paul.

Keith J. Broady, Esq., Phillip A. Cole, Esq., and Brett P. Clark, Esq., Lommen, Abdo, Cole, King and Stageberg, P.A., 2000 IDS Center, 80 South 8<sup>th</sup> Street, Minneapolis, MN 55402, appeared on behalf of the Objecting Bondholders.

This matter was originally scheduled for a one day hearing on the Port Authority's Petition for Instructions, the Objecting Bondholders' Petition for a Receiver, and a determination on jurisdiction. It was necessary for the Court to schedule additional days so the parties could fully address these issues and others that arose.

At the hearing, the Port Authority presented the testimony of William Morin, Timothy Mardell, Charles Derscheid, Dr. Gary Gibbons, Lonnie Louder, Laurie Hansen,

Bruce Sorensen and Martin Culhane. The Objecting Bondholders presented the testimony of Laurie Hansen, Kenneth Johnson, Perry Feders, John Hoeschler and John Schumacher. The Court received 62 exhibits.

Following completion of the hearing, counsel was given until March 14, 2007 to provide written submissions. Upon receipt of the submissions, this matter was taken under advisement on March 14, 2007.

Based on the entire trial, record, exhibits, witness testimony and submissions of counsel,

**IT IS HEREBY ORDERED THAT:**

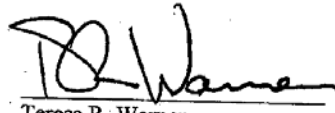
1. This matter is properly before this Court pursuant to Minn. Stat. §501B.16 and §501B.25, and was properly before the Court in 2002 and 2004 pursuant to Minn. Stat. §501B.16 and §501B.25;
2. The Port Authority's Petition for Instructions is **GRANTED**;
3. The Objecting Bondholders' Petition for a Receiver is **DENIED**;
4. The Objecting Bondholders' Motion to Vacate the court orders entered in 2002 and 2004 is **DENIED**;
5. The Port Authority's administration of the 376 fund from September 7, 2004 through June 30, 2006 is hereby confirmed and approved;
6. The Port Authority's Motions in Limine are granted and denied as described below;
7. The Objecting Bondholders and Port Authority's Motions to Compel Discovery are **GRANTED**, but only to the extent the discovery sought is relevant to this action, and has not been rendered moot by this Order;

8. The Port Authority shall return to this Court at a time and place to be determined for this Court's review of the form of the proposal the Port Authority intends to market to investors;
9. The Port Authority shall retain all Special Funds and Prepaid Net Revenues until further order of this Court;
10. The attached Memorandum is incorporated herein and made part of this Order and constitutes the Court's Findings of Fact and Conclusions of Law to the extent required by Rule 52.01 of the Minnesota Rules of Civil Procedure.

It is so Ordered.

By the Court:

Date: May 16, 2007

  
Teresa R. Warner  
Ramsey County District Court Judge