



July 17, 2008

To: Holders of Bonds Issued by the Saint Paul Port Authority under Its Basic Resolution 876

As authorized by a May 16, 2007 Order of the Ramsey County District Court and affirmed by a May 27, 2008 opinion by the Minnesota Court of Appeals, the Port Authority will return to District Court to present a plan to liquidate the 876 Common Revenue Bond Fund (the "Fund") and distribute the liquid assets to you and all other holders of Fund Bonds in proportion to the principal amount of Bonds you own.

The Ramsey County District Court will hear the Port Authority's plan to sell the remaining periodic revenues of the Fund at 9:00 a.m., August 27, 2008, in the Ramsey County Courthouse in Saint Paul, Minnesota. A copy of the Notice of Hearing will be published in the *Saint Paul Legal Ledger* and other newspapers and is also enclosed with this letter. The Port Authority's Petition seeking the District Court's approval of the proposal to liquidate the Fund is available on the Internet at www.876Fund.org.

In its Petition, the Port Authority seeks an order from the District Court approving the Port Authority's proposal to liquidate the assets pledged to holders of Fund Bonds. The Port Authority also will ask the District Court for authority to withhold all future bond payments in order to make all Fund assets available for distribution on an equal and proportionate basis. This will mean that there will be no further interest payments on the bonds. If the judge approves the Port Authority's proposal, there will be one final liquidating payment.

As determined by the District Court in its May 16, 2007 Order, termination of the 876 Fund at this time is beneficial to all Fund Bondholders on an equal basis. Among other things, termination will allow Fund Bondholders to recognize, for tax purposes, any capital loss they may have on final payment of their Bonds.

Under the Port Authority's plan, future revenue streams pledged to the Fund will be sold to one or more investors at a price that reflects their present value. Future revenue streams include all periodic revenues derived from assets pledged to the Fund.

Holders of the Fund Bonds may attend the hearing on August 27, 2008. They may also make their views known by writing directly to the Ramsey County Court at: Court Administrator, Ramsey County District Court, Room 650, 15 West Kellogg Boulevard, Saint Paul, Minnesota 55101, Court File No. C5-06-200031. Bondholders communicating directly to the District Court should do so by August 20, 2008. The Port Authority's Petition for Approval together with a Preliminary Summary of Terms describing the proposed sale of 876 Fund assets are on file with the District Court.

It should be noted that certain Fund Bondholders who had objected to the Port Authority's earlier petition have filed a petition for Minnesota Supreme Court review of the decision of the Court of Appeals. The Port Authority is opposing that petition and any efforts by those bondholders to delay this proceeding, which we believe would negatively affect the return for all Bondholders. We intend to move forward to finalize the liquidation of the 876 Fund, and distribute the 876 Fund assets to the bondholders at the earliest possible date. However, if the Supreme Court decides to review the Court of Appeals decision, the hearing on the Port Authority's petition will be delayed.

Holders are invited to communicate with the Port Authority by contacting Mr. Thomas Collins at (651) 224-5686 or (800)-328-8417.

Sincerely,

Kenneth R. Johnson

President