

City of Monticello, Minnesota

Telecommunications Revenue Bonds
(Fibernet Monticello Project)

Event Filing

Other Event-Based Disclosure – Attached is the Notice to Bondholder – executed version of the Settlement Agreement dated October 2, 2013.

CUSIP #: 614491 Telecommunications Revenue

Dated Date	Maturity Date	Amount	Issue name
6/19/2008	6/1/2031	\$26,445,000	Telecommunications Revenue Bonds, Series 2008 (Fibernet Monticello Project)

Issuer Contact Information:

Name: Wayne Oberg
Title: Finance Director
Employer: City of Monticello
Address: 505 Walnut Street; Suite 1
City, State, Zip: Monticello, MN 55362-8831
Telephone: 763-271-3211
Email Address: Wayne.oberg@ci.monticello.mn.us
Issuer Website Address: <http://www.ci.monticello.mn.us/>



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Client #: 000575

NOTICE
TO HOLDERS OF:

CITY OF MONTICELLO, MINNESOTA
\$26,445,000 TELECOMMUNICATIONS REVENUE BONDS, SERIES 2008
(FIBERNET MONTICELLO PROJECT)

CUSIP NOS.

614491 AA6
614491 AB4

Attached hereto is a Settlement Agreement and Release of All Claims dated as of September 23, 2013 (the "Settlement Agreement") between the City of Monticello, Minnesota (the "City"), Wells Fargo Bank, National Association (the "Trustee") and William D. Dean (the "Representative Class Member"). The Settlement Agreement relates to the City's outstanding \$26,445,000 Telecommunications Revenue Bonds (FiberNet Monticello Project), Series 2008 (the "Bonds") issued under a Trust Indenture dated as of June 1, 2008 (the "Indenture"), between the City and the Trustee. The Settlement Agreement sets forth the definitive terms on which the parties propose to resolve in advance of litigation all claims asserted and litigation threatened by the Trustee and certain bondholders relating to the Bonds. The claims have been denied, and continue to be denied, by the City.

The Settlement Agreement is a legally binding settlement agreement which incorporates the provisions of a Term Sheet approved by the City Council on June 13, 2013. Implementation of the settlement terms will require court approval. To that end, the Trustee will file a Trust Instruction Proceeding in Hennepin County (Minnesota) District Court and the Representative Class Member will file a class action in U.S. District Court in Minnesota.

The Settlement Agreement provides for payment by the City of \$5,750,000 ("Settlement Amount") in satisfaction of all claims against the City and the discharge of the City's obligations under the Indenture, including its pledge of Net Revenues (as defined by the Indenture) from its broadband communications system. The system has not produced Net Revenues and no payments have been made to bondholders since June 1, 2012. The settlement also contemplates the distribution of certain other funds held by the Trustee ("Trust Funds") under the Indenture. The Settlement Agreement includes an allocation formula for the Settlement Amount which allocates the Settlement Amount among current holders and former holders of Bonds. If the Settlement Agreement is approved by the U.S. District Court and the Hennepin County District Court, the Settlement Amount will be distributed among holders of Bonds by a distribution agent appointed by the U.S. District Courts. Additionally, the Trust Funds will be distributed by the Trustee as provided in the Court orders.

No assurance can be given regarding the amount of any distribution of the Settlement Amount or the Trust Funds to any past, current or future holder of the Bonds.

Instructions to current and former holders of Bonds on the implementation of the settlement will be furnished at a later date.

Dated: October 2, 2013

CITY OF MONTICELLO, MINNESOTA

By /s/ Jeff O'Neill
Its City Administrator

SETTLEMENT AGREEMENT AND RELEASE OF ALL CLAIMS

This Settlement Agreement and Release of All Claims (the "**Settlement Agreement**") is entered into as of September 23, 2013, by the City of Monticello, Minnesota (the "**City**"); Wells Fargo Bank, National Association, in its capacity as Trustee respecting the Bonds described herein (the "**Trustee**"); and William D. Dean, the Representative Class Member described herein ("**Dean**"). Together, these parties shall be referred to hereinafter as the "**Settling Parties**." All capitalized terms used herein and not otherwise defined shall have the meanings given in the Indenture of Trust dated as of June 1, 2008, between the City and the Trustee respecting the Bonds (the "**Indenture**").

WHEREAS:

A) The City issued its Telecommunications Revenue Bonds, Series 2008 (Fibernet Monticello Project) in the original principal amount of \$26,445,000 in June 2008 (the "**Bonds**") (i) to pay the cost of acquiring, installing, developing and constructing a "fiber-to-the-premises" broadband communications network within the service territory of the City of Monticello, Minnesota (the "**FTTP Project**"), (ii) to pay start-up costs of the FTTP Project, (iii) to pay costs of issuance of the Bonds, and (iv) for other related purposes;

B) Wells Fargo Bank, National Association is the Trustee under the Indenture for the Bonds;

C) The City has not paid interest on, or principal of, the Bonds due to be paid after June 1, 2012;

D) In January 2013, the Trustee and Dean, through their respective legal counsel, each notified the City of imminent legal claims they intended to file against the City if the parties could not reach a resolution regarding the nonpayment of the Bonds;

EXECUTION VERSION

E) The Trustee believes that its claims have merit and it is prepared to file litigation against the City if its claims are not resolved. Dean believes that in addition to claims that may be raised by the Trustee, there are meritorious federal and state securities fraud and misrepresentation claims that can be asserted by himself and other holders of the Bonds against the City;

F) The City denies all liability and believes that the alleged claims of the Trustee and the holders of the Bonds lack merit;

G) The Settling Parties, however, recognize and acknowledge the expense, length and uncertainty of litigation, and believe it is in the interest of all parties to resolve the disputed claims outside of litigation, without admitting the merits of any claim or defense;

H) To permit the parties to negotiate in good faith, the City, the Trustee, and certain holders of the Bonds signed a Tolling Agreement effective as of April 1, 2013, to toll the statute of limitations of securities fraud and misrepresentation claims (the "**Tolling Agreement**");

I) The parties, through their respective counsel, participated in a series of good faith negotiations to explore a possible settlement. The negotiations were governed by Federal Rule of Evidence 408 and Minnesota Rule of Evidence 408;

J) An ad hoc committee of holders of the Bonds (the "**Ad Hoc Bondholder Committee**") has advised the Trustee throughout negotiations;

K) As a result of good faith negotiations by the Settling Parties, the Settling Parties developed a compromise agreement to settle and release all claims against the City. The essential terms of this compromise were incorporated in a term sheet that was approved by Dean and the Ad Hoc Bondholder Committee prior to June 13, 2013, and by the Monticello City Council on

June 13, 2013 (the "Term Sheet"). The Term Sheet contemplated that the parties and their counsel would incorporate the provisions of the Term Sheet into a detailed settlement agreement, which, when executed, would serve as the complete and enforceable agreement between the Settling Parties;

L) In the interest of compromise, it is the desire of the Settling Parties to settle any and all allegations, claims, charges and causes of action that have been raised or could have been raised by the holders of the Bonds who agree to the settlement and by the Trustee against the City respecting the Bonds, the Indenture, the FTTP Project or the offering statement respecting the Bonds ("Official Statement").

NOW THEREFORE, the parties hereby stipulate and agree as follows:

1. Definitions. The following terms not otherwise defined in the recitals hereto are defined as follows for purposes of this agreement:

- a. *Approving Class Members*: members of the Class who do not opt out of the Settlement.
- b. *Bond Holder Claims*: has the meaning given to such term in Section 5.
- c. *Bond Holders*: holders from time to time of the Bonds.
- d. *Class*: the Class consists of all Bond Holders who bought Bonds in the original offering of the Bonds on or around June 19, 2008, or who purchased Bonds from such holders or their transferees, whether or not they own Bonds at the time of the Settlement.

- e. *Class Action*: the lawsuit to be filed in the Class Action Court by the Representative Class Member to assert claims against the City and to approve the Settlement.
- f. *Class Counsel*: has the meaning given to such term in Section 7.
- g. *Class Action Court*: the United States District Court for the District of Minnesota.
- h. *Class Action Order*: a final, Non-Appealable order of the Class Action Court granting relief satisfactory to all parties in accordance with the provisions of this Settlement Agreement.
- i. *Distributable Settlement Amount*: means the Net Settlement Amount, less the approved costs of the Class Action approved by the Class Action Court, including but not limited to the fees and expenses of Class Counsel and the fees and expenses of the Distribution Agent.
- j. *Distribution Agent*: the agent appointed by the Class Action Court to receive the Net Settlement Amount from the City and to distribute the Net Settlement Amount to the Approving Class Members and for payment of the attorneys' fees and other expenses of Class Counsel and other expenses to be incurred by the Representative Class Member in the Class Action as provided in the Class Action Order.
- k. *Indenture*: the Indenture of Trust dated as of June 1, 2008, between the City and the Trustee respecting the Bonds.
- l. *Net Settlement Amount*: the Settlement Amount, as adjusted for the Opt-Out Rebate, if any, under Section 13 hereof.

- m. *Net Trust Funds*: the Trust Funds, less all unpaid fees and expenses of the Trustee, its counsel and its other advisors.
- n. *Non-Appealable*: an order of court as to which either no appeal or further appeal may be taken as a matter of law or as to which the time for an appeal has expired.
- o. *Opt-Out Rebate*: has the meaning given to such term in Section 13.
- p. *Rejecting Class Members*: members of the Class who opt out of the Settlement.
- q. *Representative Class Member*: William D. Dean, the Bond Holder who will file the Class Action and seek to be appointed as class representative.
- r. *Settlement*: The terms and provisions of this Settlement Agreement.
- s. *Settlement Amount*: has the meaning given to that term in Section 2 hereof.
- t. *TIP*: the Trust Instruction Proceeding to be filed by the Trustee in the TIP Court.
- u. *TIP Court*: the District Court of the County of Hennepin, State of Minnesota.
- v. *TIP Order*: a final, Non-Appealable order of the TIP Court granting relief substantially in accordance with the provisions of this Settlement Agreement.
- w. *TIP Petition*: has the meaning given to such term in Section 11.
- x. *Trust Funds*: trust funds held by the Trustee under the Indenture at the time of the approval of the Settlement by the Class Action Court.
- y. *Trustee Claims*: has the meaning given to that term in Section 4.

2. Payment. The City agrees to pay the Distribution Agent for distribution to the Approving Class Members and for payment of the attorneys' fees and other expenses of Class Counsel and other expenses to be incurred by the Representative Class Member in the Class Action a single payment of Five Million, Seven Hundred and Fifty Thousand Dollars (\$5,750,000) (the "Settlement Amount"), less the Opt-Out Rebate to be calculated under

Section 13 hereof, as full compensation for any claims that the Trustee (as representative of the Bond Holders) and the Approving Class Members may have against the City arising from the City's actions and inaction related to the Bonds, including but not limited to claims arising under the Indenture, the Official Statement, related to the FTTP Project, claims arising under federal and state securities laws, common law fraud and misrepresentation claims, and any claim in law or equity, known or unknown at this time, which were asserted or could have been asserted at any time against the City.

3. Distribution of Net Trust Funds by Trustee. Upon receiving the TIP Order and the Class Action Order (i) the Trustee will distribute the Net Trust Funds in accordance with the TIP Order, and (ii) the City will release any rights it may then have to the Trust Funds.¹

4. Release of All Claims by the Trustee. The Trustee agrees to seek to have the TIP Court, in the TIP Order, terminate and discharge the Indenture and the related trust as provided in Section 11 hereof, or if the TIP Court does not approve the relief to be requested in Section 11 hereof, the alternative relief provided in Section 12 hereof. The Trustee, solely in its capacity as Trustee under the Indenture will, upon receiving both the TIP Order and the Class Action Order, at the time of payment by the City of the Net Settlement Amount to the Distribution Agent (i) release, acquit and forever discharge the City, and its agents, representatives, attorneys, insurers, indemnitors, executors, administrators, successors and assigns, from any and all claims for relief it has asserted, might have asserted or would be able to assert that relate in any way to the Bonds or the Indenture, the FTTP Project or the Official Statement, including claims of every kind and nature whatsoever, whether in law or equity, contract or tort, liquidated or unliquidated, absolute or contingent, known or unknown, suspected or unsuspected (collectively, the "Trustee

¹ The Trustee does not acknowledge that the City has any interest in any of the Trust Funds.

Claims”). This release of the Trustee Claims and the discharge of the Indenture will (i) apply and extend to the Trustee’s employees, agents, members, representatives, attorneys, insurers, indemnitors, executors, administrators, successors and assigns, (ii) release the City from the pledge of Net Revenues and all other covenants and obligations of the City under the Indenture, including the City’s representations and warranties therein, and (iii) permit the City to operate, encumber or dispose of the FTTP Project and otherwise conduct its affairs free and clear of the Indenture and of Trustee Claims and without any duty of the City to perform any obligations under the Indenture.

5. Release of All Claims by the Approving Class Members. As will be provided in the Class Action Order, the Approving Class Members will, at the time of the payment of the Net Settlement Amount by the City to the Distribution Agent and in consideration for the distributions to be made to them under the Class Action Order, absolutely release, acquit and forever discharge the City, and its agents, representatives, attorneys, insurers, indemnitors, executors, administrators, successors and assigns, from any and all claims for relief they have asserted, might have asserted or would be able to assert that relate in any way to the Bonds, the Indenture, the FTTP Project, or the Official Statement, including claims of every kind and nature whatsoever, whether in law or equity, contract or tort, liquidated or unliquidated, absolute or contingent, known or unknown, suspected or unsuspected (the “**Bond Holder Claims**”). This release of the Bond Holder Claims by the Approving Class Members will apply and extend to each of the Approving Class Member’s employees, agents, members, representatives, attorneys, insurers, indemnitors, executors, administrators, successors and assigns. Furthermore, the Approving Class Members who are Bond Holders at the time of the entry of the Class Action Order, in accepting the Net Settlement Amount in the Class Action, will additionally be deemed

(i) to have authorized and directed the Trustee to release the City from its pledge of Net Revenues and all other covenants and obligations under the Indenture, (ii) to permit the City to operate, encumber or dispose of the FTTP Project and otherwise conduct its affairs free and clear of all Bond Holder claims and without any duty to perform any obligations of the City under the Indenture thereafter, and (iii) to have otherwise ratified all provisions of the TIP Order.

6. Disclaimer of Liability. The Settlement Agreement is a compromise of the disputed claims and payment is not an admission of liability, but rather liability is expressly denied by the City.

7. Class Action Settlement.

a. The Representative Class Member, by his counsel will, promptly after and conditioned upon the receipt by the Trustee of the TIP Order, file a class action complaint in the Class Action Court.

b. The City and Dean agree, solely for the purpose of this Settlement and its implementation, that the Class Action may proceed as a class action in accordance with Federal Rule of Civil Procedure 23(e). However, if the TIP Order is not entered or the Settlement otherwise fails of consummation, then the parties will retain their respective rights as if no proposed settlement has been reached.

c. The Representative Class Member, through his counsel, will then file a motion to seek an approval order from the Class Action Court:

- i. Appointing the Representative Class Member as Class Representative;
- ii. Appointing Schiff Hardin (and any local Minnesota counsel chosen as well) as class counsel ("Class Counsel");

- iii. Conditionally certifying a class for settlement purposes only, consisting of all members of the Class;
- iv. Approving the method of notice of class certification and settlement to be submitted by Class Counsel (as it may be modified by the Class Action Court);
- v. Setting a notice deadline;
- vi. Approving the method and deadlines for intervention, objection or exclusion from the proposed Settlement; and
- vii. Scheduling a fairness hearing to determine whether the proposed Settlement should be approved as fair, reasonable and adequate and preliminarily approving the Settlement; and as part of such approval proposing that the Distributable Settlement Amount be distributed among the Approving Class Members in an amount equal to the total Distributable Settlement Amount multiplied by a fraction, the numerator of which is the amount of the allowed claimed loss of the Approving Class Member and the denominator of which is the total of the aggregate of all allowed claimed losses of all Approving Class Members; provided, however, that no Approving Class Member who is a Bond Holder on the last date for which claims may be submitted in the Class Action shall receive from the Distributable Settlement Amount less than four percent (4%) times the then par amount of the Bonds such Bond Holder beneficially owns on such determination date.

d. The Representative Class Member, through Class Counsel, will thereafter seek final approval of the Settlement and will also seek a bar order respecting any claims brought by third parties against the City.

e. The notice, the motion and any proposed order to be presented to the Class Action Court shall be subject to review and approval by the City before it is filed by the Representative Class Member.

f. Bond Holders will have an opportunity to opt out of the Settlement, as provided for in the notice described in Section 7(c)(iv) above. If a Bond Holder does not request to be excluded from the Class, such Bond Holder will be bound by the Settlement and will be deemed to be an "**Approving Class Member**." Any Bond Holder who opts out of the Settlement will be deemed to be a "**Rejecting Class Member**" and will not receive the benefits Approving Class Members receive under the Settlement.²

g. The Approving Class Members, along with their agents, members, representatives, attorneys, insurers, indemnitors, executors, administrators, successors and assigns, will as part of their approval of the Settlement, each agree to (i) release all Bond Holder Claims as and to the extent provided in Section 5, (ii) release and indemnify the City against any disputes which may arise regarding the allocation and distribution of the Distributable Settlement Amount or of the Net Trust Funds among the Approving Class Members by the Distribution Agent or the Trustee, respectively, and (iii) indemnify and hold the City harmless from any and

² For clarity, assuming that the Settlement is approved by the Class Action Court and the TIP Court, the Trustee will distribute the Net Trust Funds as required by the TIP Order. A holder of then outstanding Bonds will be entitled to receive a portion of the Trust Funds, as provided for by the TIP Order, whether the Bond Holder is an Approving Class Member or a Rejecting Class Member, and if such Bond Holder is an Approving Class Member, in addition to any amount to be distributed to such Bond Holder as an Approving Class Member.

all claims of contribution and/or indemnity and/or any claim or right of reimbursement which may be asserted against the City in any other action which may be brought related to the Bonds, the FTTP Project, the Indenture or the Official Statement by Approving Class Members, including the cost of any attorneys' fees, costs, expenses, and disbursements which might be incurred by the City relative to defending such claims.³

h. The Approving Class Members, will, as part of their approval of the Settlement, each agree to release all claims which such Approving Class Member has, if any, against the Trustee relating to the Bonds and the Indenture, and any claims in law or equity, known or unknown at that time, which were asserted or could have been asserted at any time against the Trustee based upon the Bonds or the Indenture.

i. The Approving Class Members who then own Bonds, will, as part of their approval of the Settlement and as a condition to their receipt of any distribution of the Distributable Settlement Amount, either, at the City's option (i) transfer their beneficial ownership of their Bonds to the City, or (ii) cancel such ownership.

j. The Settlement and the Settlement Agreement will be null and void if either (i) the beneficial holders of more than \$2,644,500 in aggregate principal amount of all outstanding Bonds on the date the Class Action is filed file requests to opt out in the Class Action or (ii) the beneficial holders of more than 10% in aggregate principal amount of all Bonds (held at any time to and including the date the Class Action is filed) file requests to opt out in the Class Action. Notwithstanding the foregoing, the City may elect not to terminate the Settlement and the Settlement Agreement under this Section 7(j) if it so chooses. The City will make such election

³ It is the intention of the Settling Parties that the release provided for in this (iii) be construed in accordance with the principles set forth in *Pierringer v. Hoyer*, 21 Wisc. 2d 182, 124 N.W.2d 106 (1963) and *Frey v. Snelgrove*, 269 N.W.2d 918 (1978).

no later than the date that is provided in the preliminary approval order approved by the Class Action Court, or in the absence of such date, no later than seven (7) days prior to the final fairness hearing date.

k. If the Settlement is terminated under Section 7(j) above, Class Counsel will send notice to the Class that the Settlement has been terminated and all terms are null and void.

l. Assuming that the Settlement is not terminated under Section 7(j) above, and after the Class Action Court has granted preliminary approval of the Settlement, the Representative Class Member and the City shall jointly request that the Class Action Court issue a final order approving the Settlement respecting the Approving Class Members. The order must include language indicating that the payment of the Net Settlement Amount by the City constitutes a judgment against the City for payment.

8. [RESERVED]

9. Distribution Agent. The Distribution Agent appointed by the Class Action Court (which may be Wells Fargo Bank, National Association, if the Court so chooses) will be responsible for allocating and distributing the Distributable Settlement Amount to the Approving Class Members.

10. City Not Responsible for Allocation or Distributions. The Trustee and the Representative Class Member each acknowledge and agree that the City will undertake no obligations or responsibilities regarding the allocation or distribution of the Distributable Settlement Amount or of the Net Trust Funds, or related to any disputes that may arise regarding the allocation or distribution of the Net Settlement Amount or of the Trust Funds, including for any tax consequences that may result from the allocation or distribution of the Net Settlement Amount or of the Trust Funds. The Trustee will agree to indemnify the City against any claims

brought by Bond Holders relating to the allocation or distribution by the Trustee of the Net Trust Funds pursuant to the TIP Order.

11. Trust Instruction Proceeding. The Trustee will file, within twenty-one (21) days following the execution and delivery of this Settlement Agreement, a petition to commence the TIP in the TIP Court for an order pursuant to Minnesota Statutes, §501B.16 (the "TIP Petition"). The Settling Parties acknowledge and agree that the TIP Petition will ask the Court to issue an order, in each case conditioned upon the entry of the Class Action Order in the Class Action, that:

- a. Approves the Settlement described in this Settlement Agreement;
- b. Terminates and discharges the Indenture and the related trust;
- c. Authorizes the Trustee to forever release and discharge the City from (1) any and all other obligations and covenants of the City arising under the Indenture (except any covenants that require the consent of each affected Bond Holder, which covenants shall be discharged as to Approving Class Members only), (2) the liens created in favor of the Trustee in "Net Revenues;"
- d. Directs the Trustee to distribute the Net Trust Funds as required by the Indenture;
and
- e. Releases the Trustee from any and all obligations to the City and all Bond Holders arising under the Indenture, and any other agreements governing the Bonds or at law.

The TIP Petition and the form of order to be submitted to the TIP Court shall be subject to review and approval by the City before it is filed by the Trustee with the TIP Court. It shall be a condition precedent to the City's obligations under the Settlement and to pay the Net

Settlement Amount that the TIP Court shall issue a final order consistent with the provisions above, which order shall be or become Non-Appealable.

The City agrees that, should the TIP Court not issue the TIP Order, or should the Settlement not otherwise be consummated for any reason, the City may not use the TIP Petition, any exhibits, testimony or other evidence in the proceedings before the TIP Court as evidence in any future proceeding respecting the Bonds, the Indenture, the FTTP Project, the Trustee Claims or the Bond Holder Claims.

12. Amendment of Indenture.

a. In the event that the TIP Court does not approve the TIP Petition and/or does not issue an order consistent with Section 11 above, the Trustee will file an alternative trust instruction petition to commence a TIP in the TIP Court for an order pursuant to Minnesota Statutes, §501B.16. The alternative TIP petition will ask the Court to issue an order that, conditioned upon the entry of the Class Action Order in the Class Action, (i) approves the amendment of the Indenture, pursuant to Section 11.02 of the Indenture, to cancel, extinguish, release, and discharge all liens, covenants and obligations of the City arising under the Indenture (except any covenants that require the consent of each affected bondholder, which covenants shall be discharged as to Approving Class Members only), (ii) permits the City to operate, encumber or dispose of the FTTP Project and conduct its affairs thereafter free and clear of the Indenture, Trustee Claims and Bond Holder Claims, (iii) directs the Trustee to distribute the Net Trust Funds as required by the Indenture, and (iv) releases the Trustee from any and all obligations to the City and all Bond Holders arising under the Indenture, and any other agreements governing the Bonds or at law. The Trustee reserves its right under Section 11.03 of

the Indenture to receive an opinion of counsel that such amendment is permitted by the Indenture.

b. In the event that this alternative provision is invoked, the alternative TIP petition and the form of order shall be subject to review and approval by City before it is filed by the Trustee with the TIP Court. The City shall not be required to honor its obligations under this Settlement Agreement or to pay the Net Settlement Amount unless the amendment of the Indenture shall be satisfactory to the City and to the Trustee in both form and substance.

c. The City agrees that, should the TIP Court not issue the alternative TIP Order, or should the Settlement not otherwise be consummated for any reason, the City may not use the TIP Petition, any exhibits, testimony or other evidence in the proceedings before the TIP Court as evidence in any future proceeding respecting the Bonds, the Indenture, the FTTP Project, the Trustee Claims or the Bond Holder Claims.

13. Opt-out Rebate. Assuming that the Settlement is approved by the Class Action Court and the TIP Court, the Settlement Amount shall be reduced by the amount (the “Opt-Out Rebate”) of the Settlement Payment which each Rejecting Class Member would have been entitled to receive in the Class Action in the aggregate, determined by assuming (i) that such Rejecting Class Members had not opted out of the Settlement in the Class Action, and (ii) that all Class members who did not opt out of the Settlement file claims for the full amount that they are entitled to under the terms of the Settlement.

14. Timing of Payment. The City agrees to pay the Settlement Amount, as adjusted under Section 13 hereof, no later than one hundred twenty (120) days after the Class Action Order is entered.

15. Attorneys' Fees.

a. Each party to this Settlement Agreement will bear its own costs, fees and other expenses, including those of its attorneys and advisors, in connection with the execution and delivery of this Settlement Agreement, the Settlement, the Class Action and the TIP.

b. Any attorneys' fees awarded to Class Counsel in the Class Action in connection with this Settlement (i) must be approved by the Class Action Court, (ii) will be paid entirely out of the Net Settlement Amount, (iii) will not reduce the Net Settlement Amount to be paid by the City, and (iv) will not increase the Net Settlement Amount or otherwise be the responsibility of the City. Class Counsel will make an application for attorneys' fees with the Class Action Court based upon the "lodestar" method, which is derived from a review of the hours spent by the attorney involved and a decision as to what a reasonable hourly fee is for the work performed.

16. Payment of Trustee's Fees and Expenses. The Trustee will pay all of its fees, costs and expenses, including attorneys' fees and advisors' fees, solely from the Trust Funds. The Trustee shall have no lien on or interest in the Net Settlement Amount following its distribution to the Distribution Agent.

17. Termination of All Claims Against City.

a. It is understood and agreed that, by virtue of the TIP Order and the Class Action Order, the purpose and intent and legal effect of this Settlement Agreement is to extinguish the entire liability of the City as to the Trustee and the Approving Class Members arising out of or in connection with the Bonds, and to bar forever any recovery by the Trustee and the Approving Class Members by way of subrogation, indemnity, contribution or any other claim or right of reimbursement against the City.

b. This Settlement Agreement is not intended to release any claim or cause of action by the Trustee or any Bond Holder arising out of the issuance of the Bonds against third parties who are not party to this Settlement Agreement or who are not otherwise covered by the Settlement.

c. This Settlement Agreement is not intended to release any claim or cause of action by the City against any third parties for damages sustained related to the issuance of the Bonds and the maintenance and operation of the FTTP Project; said claims and causes of action being specifically reserved and retained against any third party. This release is not intended to in any manner affect any claim for damages, indemnity, or contribution that has been or may be asserted by the City against any third party for any damages arising out of the issuance of the Bonds or the operation and maintenance of the FTTP Project.

d. Following the approval of both the TIP Order and the Class Action Order and the payment by the City of the Net Settlement Amount, the Trustee and the Approving Class Members (as part of the Class Action Order) agree that they will reasonably cooperate with the City, and with any attorney hired by the City, to pursue claims for damages suffered by the City in connection with the Bonds against other third parties. Reasonable cooperation shall include but is not limited to providing, at the City's cost, documents supporting any damages claims asserted, providing information concerning the nature, course and extent of damages sustained and making themselves available, at the City's cost, to meet with or attend depositions scheduled by an attorney hired by the City to pursue any claim for damages against other third parties. Reasonable cooperation shall specifically include the Trustee and the Approving Class Members agreeing, if necessary, to appear as fact witnesses at any trial.

18. Termination of Tolling Agreement. The Tolling Agreement shall be deemed extended without any further action of the parties thereto to a date which is sixty (60) days after the latest of the date (i) that a final, Non-Appealable order is issued in the TIP denying the relief set forth in Sections 11 or 12 hereof, (ii) that a final, Non-Appealable order is issued in the Class Action denying the relief set forth in the Settlement and in Section 7 hereof, or (iii) following the entry of the Class Action Order, the date the City notifies the Trustee and the Representative Class Member that it cannot make the Net Settlement Payment. The Tolling Agreement, as so extended, will terminate without further action by the parties thereto on the date that the Net Settlement Payment is made by the City.

19. City's Authorization to Enter Into and Execute the Settlement Agreement. The undersigned represents and warrants that he or she is fully authorized and empowered to enter into and execute the Settlement Agreement on behalf of the City.

20. Trustee's Authorization to Enter Into and Execute the Settlement Agreement. The undersigned represents and warrants that he or she is fully authorized and empowered to enter into and execute the Settlement Agreement on behalf of Wells Fargo Bank, National Association, in its role as Trustee under the Indenture.

21. Dean's Authorization to Enter into and Execute the Settlement Agreement. Dean represents and warrants that he is fully empowered to enter into and execute the Settlement Agreement.

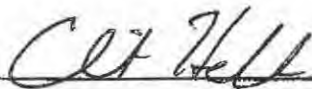
22. Complete Agreement. The parties affirm that this Settlement Agreement is the complete and entire agreement of the parties and that no statement, remark, agreement, or understanding, oral or written, which is not contained herein, shall be recognized or enforced.


23. Counterparts. This Settlement Agreement may be executed in two or more counterparts, which when all parties have signed, shall be deemed to be one fully-executed original.

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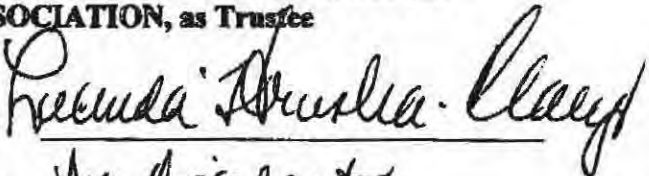
IN WITNESS THEREOF, the parties have executed this Settlement Agreement this 23rd
day of September, 2013.

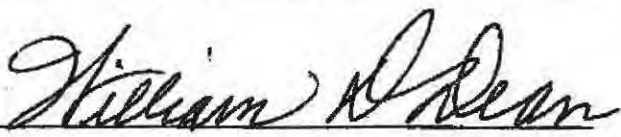
THE CITY OF MONTICELLO, MINNESOTA

By: 
Mayor, City of Monticello

By: 
City Administrator, City of Monticello

**WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee**

By: 
Title: Vice President


WILLIAM D. DEAN