



January 14, 2022

**NOTICE TO HOLDERS OF THE  
\$17,205,000 TAX EXEMPT SENIOR LIEN  
PARKING RAMP REVENUE BONDS  
(FOURTH AND MINNESOTA PARKING RAMP PROJECT)  
SERIES 2000-1 and 2000-7  
and the  
\$4,600,000 TAXABLE SUBORDINATE LIEN  
PARKING RAMP REVENUE BONDS  
(FOURTH AND MINNESOTA PARKING RAMP PROJECT)  
SERIES 2000-2**

**CUSIP NUMBERS**

**793044 AC 2**

**793044 AE 8**

**793044 AD 0<sup>1</sup>**

NOTE: THIS NOTICE CONTAINS IMPORTANT INFORMATION. IF APPLICABLE, ALL DEPOSITORIES, CUSTODIANS, AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUESTED TO EXPEDITE RE-TRANSMITTAL TO BENEFICIAL OWNERS OF THE BONDS REFERENCED ABOVE IN A TIMELY MANNER.

Wells Fargo Bank, National Association, as successor in interest to Norwest Bank Minnesota, National Association, acts as trustee (the “Trustee”) for the holders of (1) the \$17,205,000 Tax Exempt Senior Lien Parking Ramp Revenue Bonds (Fourth and Minnesota Parking Ramp Project) Series 2000-1 (the “Senior Bonds” and the holders thereof, “Holders of the Senior Bonds”), which were issued pursuant to an Indenture of Trust dated as of May 1, 2000 (the “Senior Indenture”), by and between the Trustee and the Port Authority of the City of Saint Paul (the “Issuer”), and (2) the \$4,600,000 Taxable Subordinate Lien Parking Ramp Revenue Bonds (Fourth and Minnesota Parking Ramp Project) Series 2000-2 (the “Subordinate Bonds” and the holders thereof, “Holders of the Subordinate Bonds”), which were issued pursuant to an Indenture of Trust dated as of May 1, 2000 (the “Subordinate Indenture” and together with the Senior Indenture, collectively, the “Indenture”), by and between the Trustee and the Issuer. The Senior Bonds and the Subordinate Bonds are referred to collectively herein as the “Bonds”, and Holders of the Senior Bonds and Holders of the Subordinate Bonds are referred to collectively herein as “Holders.” Repayment of the Senior Bonds is secured by, among other things, that certain Senior Mortgage, Security Agreement and Fixture Financing Statement dated as of

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<sup>1</sup> No representation is made as to the correctness of these CUSIP numbers either as printed on the Bonds or as contained in this Notice.

May 1, 2000 (the “Senior Mortgage”), given by the Issuer and Capital City Properties, a Minnesota nonprofit corporation (the “Lessee”), in favor of the Trustee. Repayment of the Subordinate Bonds is secured by, among other things, that certain Subordinate Mortgage, Security Agreement and Fixture Financing Statement dated as of May 1, 2000 (the “Subordinate Mortgage”, and together with the Senior Mortgage, collectively, the “Mortgage”), given by the Issuer and the Lessee in favor of the Trustee. Concurrently with the issuance of the Senior Bonds and the Subordinate Bonds, the Issuer issued the Taxable Subordinated Cash Flow Notes, Series 2000-3 and 2000-4 each in an original principal amount of \$1,500,000 (collectively, the “Subordinated Notes”). Except as otherwise defined herein, all capitalized terms shall have the meaning ascribed to them in the Senior Indenture.

As the Trustee previously notified Holders, certain Events of Default have occurred under the Mortgage and the Indenture. Since 2006, the Gross Receipts have been insufficient to pay anything more than partial debt service on the Senior Bonds; no debt service has been paid on the Subordinate Bonds. The December 1, 2009 payment and each subsequent payment represented a partial payment of interest due on the Senior Bonds. As a result, there have been defaults in payment on the Senior Bonds, which are still continuing.

The Trustee and Bondholder Committee intend for operations at the Facility to continue during the Foreclosure Action and subsequent redemption periods. As set forth in previous notices, the Issuer agreed to lend the Operator of the Facility, Allied Parking, Inc., up to \$250,000 to cover Operating Costs from March 1, 2021 (the “Issuer Loan”). The Issuer Loan was sufficient to pay the expenses of the Facility through October 2021. Accordingly, on July 30, 2021, the Trustee filed a trust instruction petition (the “Reserve Funds Petition”) with the District Court of the Fourth Judicial District, County of Hennepin, State of Minnesota (the “District Court”), seeking an order instructing the Trustee that, in its discretion, it may draw upon funds contained in the Subordinate Reserve Fund, the Subordinate Bond Fund, and/or the Repair and Replacement Fund to pay operating expenses of the Facility; and determining that the Trustee’s actions in bringing this Petition were within the bounds of its discretion, reasonable, and made in good faith, comply with the Indenture as amended, supplemented, and modified, comply with all applicable duties, and are fully authorized, permitted, and protected by the Indenture, and shall not subject Wells Fargo Bank, National Association, individually or as Trustee, to any liability.

The hearing on the Reserve Funds Petition took place on September 1, 2021. No objections were lodged, and the Court filed an order that same day granting the relief requested in the Reserve Funds Petition in its entirety. A copy of the Court’s order is attached to this notice. The reserve funds made available as a result will be sufficient to pay the expenses of the Facility through approximately March 2022. The Issuer may be willing to advance additional sums on the same conditions that pertained to the Issuer Loan, namely (1) that the Tenant be allowed to pay operating expenses to the Operator out of the Project’s receipts before depositing any remaining receipts with the Trustee and (2) that the loan be repaid first out of the proceeds of the disposition of the Facility.

For several years, an informal committee of interested holders (the “Bondholder Committee”) has been working with the Trustee to evaluate options to dispose of the Facility while maximizing the recovery on the Senior Bonds. The Bondholder Committee and the Trustee have determined that the best remaining option is to foreclose the Senior Mortgage and, at the resulting sheriff’s sale, have the Trustee bid in the amount of principal and interest outstanding on the Senior Bonds.

The most recent appraisal of the Project was completed in September 2016 and yielded a value estimate of \$9,400,000. The Trustee and Bondholder Committee believe that the Project’s value has materially decreased since that time. As a result, the Bondholder Committee and the Trustee believe with reasonable certainty that the Trustee’s credit bid at a sheriff’s sale will win and leave the Trustee holding the sheriff’s certificate of sale. With the advice and consent of the Bondholder Committee, the Trustee engaged a financial adviser to conduct a sale process for the sheriff’s certificate. Seventeen potential bidders expressed interest, and six submitted letters of intent to purchase the sheriff’s certificate. From these letters of intent, the Trustee and Bondholder Committee selected a best bid of \$7,000,000. In addition to the selected bid, the Trustee received two other bids from qualified bidders with a purchase price that would have been acceptable to the Bondholder Committee. The Trustee executed the letter of intent of the winning bidder (“Buyer”), and on December 27, 2021, the parties thereafter entered into a definitive purchase agreement (“Purchase Agreement”).

On December, 3, 2021, the Trustee commenced a civil action in the District Court of the Second Judicial District, County of Ramsey, State of Minnesota, Case No. 62-CV-21-6362 (the “Foreclosure Action”), seeking to foreclose the Senior Mortgage and to resolve certain issues regarding the title to be transferred to the Buyer at the end of applicable redemption periods. To date the Trustee has received answers in the Foreclosure Action from Metro Real Estate Services, LLC, WHTW, LLC, and CCV-1, LLC, and intends to bring a dispositive motion authorizing a foreclosure sale.

Because the Trustee acts as Trustee both for the Holders of the Senior Bonds and for the Holders of the Subordinate Bonds, the Trustee has considered what duty, if any, it has to exercise the right to redeem under the Subordinate Mortgage for the benefit of the Subordinate Bondholders. The credit bid that the Trustee intends to make under the Senior Mortgage, which will exceed \$29,800,000.00, far exceeds the value of the Facility. In turn, the redemption price that the Trustee would have to pay to redeem the Facility for the benefit of the Holders of the Subordinate Bonds far exceeds the value of the Facility. Moreover, the Trustee does not hold any cash under the Subordinate Indenture that could be used to pay the redemption price. Therefore, the Trustee has concluded that redemption of the Facility on behalf of the Holders of the Subordinate Bonds is not feasible unless the Holders of the Subordinate Bonds or their successors or assigns provide the cash required to redeem the Facility. Any person(s) who have the ability and intend to make such a payment should contact the Trustee on or before February 1, 2022.

On December 29, 2021, the Trustee filed a trust instruction petition (the “Foreclosure Petition”) with the District Court, seeking an order confirming the Trustee’s entry into the

Purchase Agreement, authorizing the Trustee to implement it according to its terms, and authorizing the Trustee, in its discretion, to enter into a substitute purchase agreement providing for a purchase price acceptable to the Bondholder Committee in the event that the Purchase Agreement is terminated; confirming the Trustee's decision to commence the Foreclosure Action and authorizing the Trustee to bid in the amount of principal and interest outstanding on the Senior Bonds at any sheriff's sale conducted pursuant to a decree of foreclosure obtained in such action; instructing the Trustee to refrain from exercising its right to redeem under the Subordinate Mortgage if such a sale is had and confirmed unless the holders of the Subordinate Bonds or their successors or assigns provide the cash required to redeem the Facility; authorizing the Trustee to borrow under the Issuer Loan such amounts in excess of \$250,000 that it deems reasonable and prudent to continue operations at the Facility; instructing the Trustee, after payment of the Issuer Loan, any amounts owed to the Operator, all Trustee fees and expenses, including attorney fees, and all other liabilities of the trusts created under the Indenture, to distribute the net proceeds from the sale of the sheriff's certificate to holders of the Senior Bonds according to the terms of the Senior Indenture; declaring that, upon the distribution of the net sale proceeds to holders of the Senior Bonds, the Trustee shall cancel the Bonds for all purposes and terminate the Senior Indenture, Supplemental Indenture, Subordinate Indenture, and related trusts; and determining that the Trustee's actions in connection with the Foreclosure Action and Purchase Agreement, including its decision to bring the Foreclosure Petition, were within the bounds of its discretion, reasonable, and made in good faith, comply with the Indenture as amended, supplemented, and modified, comply with all applicable duties, and are fully authorized, permitted, and protected by the Indenture, and shall not subject Wells Fargo Bank, National Association, individually or as Trustee, to any liability. A copy of the Foreclosure Petition (excluding exhibits) is attached to this notice.

The hearing on the Foreclosure Petition is scheduled for Wednesday, February 2, 2022. The hearing will be remote. If you wish to appear at the hearing to object, please contact the Court by phone at (612) 348-6000 by Tuesday, February 1, 2022, so that arrangements can be made for you to appear. Additionally, if you object to the relief sought, you must file a written objection with the court administrator by Tuesday, February 1, 2022. Written objections can be mailed with the applicable filing fee to: Hennepin County District Court, Probate/Mental Health Division, 300 South Sixth Street – C4, Minneapolis, MN 55415. A copy of the Order for Hearing is attached to this notice.

Any Holder with further questions may direct them to the Trustee by mail as follows:

Computershare Corporate Trust  
Attention: Corbin B. Connell, Vice President  
600 South Fourth Street  
Minneapolis, MN 55402  
Phone: (612) 412-3017  
Email: Corbin.B.Connell@wellsfargo.com

Holders should not rely on the Trustee as their sole source of information. The Trustee makes no recommendations and gives no investment, accounting, financial, tax or legal advice

Notice to Holders of Capital City Bonds

January 14, 2022

Page 5 of 5

concerning the Bonds. The Trustee may conclude that a specific response to particular inquiries from individual Holders is not consistent with equal and full dissemination of material information to all Holders. Prior to any distribution to Holders, funds held under the Indenture are to be used first for payment of the fees and costs incurred or to be incurred by the Trustee in performing its duties, as well as for any indemnities owing or to become owing to the Trustee. This includes, but is not limited to, compensation for Trustee time spent, and the fees and costs of counsel and other agents it employs, to pursue remedies or other actions to protect the interests of Holders.

January 14, 2022

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Trustee



STATE OF MINNESOTA  
COUNTY OF HENNEPIN

DISTRICT COURT  
PROBATE DIVISION  
FOURTH JUDICIAL DISTRICT

In the Matter of:

Court File No.: 27-TR-CV-21-45

The trusteeship created by the Port Authority of the City of Saint Paul relating to the issuance of Tax Exempt Senior Lien Parking Ramp Revenue Bonds (Fourth and Minnesota Parking Ramp Project) Series 2000-1 & 2000-7 and Taxable Subordinate Lien Parking Ramp Revenue Bonds (Fourth and Minnesota Parking Ramp Project) Series 2000-2

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**ORDER WITH RESPECT TO THE VERIFIED PETITION  
OF WELLS FARGO BANK, NATIONAL ASSOCIATION, AS TRUSTEE,  
FOR INSTRUCTION IN THE ADMINISTRATION OF A TRUST  
PURSUANT TO MINN. STAT. § 501C.0201, *et seq.***

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This matter came on for a Zoom hearing on September 1, 2021, on the Verified Petition of Wells Fargo Bank, National Association, as Trustee, for Instructions in the Administration of a Trust Pursuant to Minn. Stat. § 501C.0201 (the “Petition”), filed by Wells Fargo Bank, National Association (“Wells Fargo”), solely in its capacity as trustee and not in its individual capacity (in such capacity, the “Trustee” or “Petitioner”).

Eric R. Sherman and Thomas O. Kelly III of Dorsey & Whitney LLP, 50 South Sixth Street, Suite 1500, Minneapolis, Minnesota, appeared on behalf of the Trustee. There were no other appearances in this matter. Based on all the files, records, and proceedings herein, the Court, having been fully advised in the premises, hereby finds, holds, and orders as follows:

**FINDINGS OF FACT AND CONCLUSIONS OF LAW<sup>1</sup>**

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<sup>1</sup> To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

1. Wells Fargo is a national banking association with a corporate trust office in Minneapolis, Minnesota, duly established and existing, and authorized to accept and execute trusts.

2. Wells Fargo is the duly appointed, qualified, and acting successor trustee under that certain Indenture of Trust dated as of May 1, 2000, between the Port Authority of the City of St. Paul (“Issuer”) and the Trustee (as amended, supplemented, or otherwise modified prior to the date hereof, the “Senior Indenture”), as supplemented by that certain Supplemental Indenture of Trust dated as of December 1, 2000, between the Issuer and the Trustee (the “Supplemental Indenture”), and that certain Indenture of Trust dated as of May 1, 2000, between the Issuer and the Trustee (the “Subordinate Indenture” and together with the Senior Indenture, collectively, the “Indenture”). The Issuer is a public body corporate and politic organized and existing under Minnesota law. Capitalized terms used herein and not otherwise defined shall have the meaning assigned to such terms in the Petition.

3. Pursuant to the original Senior Indenture, the Issuer issued those certain Tax Exempt Senior Lien Parking Ramp Revenue Bonds (Fourth and Minnesota Parking Ramp Project) Series 2000-1 in the aggregate principal amount of \$17,205,000 (the “2000-1 Senior Bonds”).

4. Pursuant to the Supplemental Indenture, the Issuer issued those certain Tax Exempt Senior Lien Parking Ramp Revenue Bonds (Fourth and Minnesota Parking Ramp Project) Series 2000-7 in the aggregate principal amount of \$2,000,000 (the “2000-7 Senior Bonds” and together with the 2000-1 Senior Bonds, collectively, the “Senior Bonds”). The 2000-7 Senior Bonds are on parity with the 2000-1 Senior Bonds.



5. Pursuant to the Subordinate Indenture, the Issuer issued those certain Taxable Subordinate Lien Parking Ramp Revenue Bonds (Fourth and Minnesota Parking Ramp Project) Series 2000-2 in the aggregate principal amount of \$4,600,000 (the “Subordinate Bonds” and together with the Senior Bonds, collectively, the “Bonds”).

6. The proceeds of the Bonds were loaned to Capital City Properties (“Tenant”), a Minnesota nonprofit corporation and a 501(c)(3) affiliate of the Issuer, to construct and equip a parking ramp located at 50 4th St. E, St. Paul, Minnesota 55101 (the “Facility” or the “Project”). The Issuer owns the Facility and leases it to the Tenant pursuant to that certain Lease Agreement dated as of May 1, 2000, by and between the Issuer and the Tenant (the “Lease”).

7. Repayment of the Senior Bonds is secured by, among other things, that certain Senior Mortgage, Security Agreement and Fixture Financing Statement dated as of May 1, 2000, and amended as of December 1, 2000 (as amended, supplemented or otherwise modified prior to the date hereof, the “Senior Mortgage”), given by the Issuer and the Tenant in favor of the Trustee.

8. Repayment of the Subordinate Bonds is secured by, among other things, that certain Subordinate Mortgage, Security Agreement and Fixture Financing Statement dated as of May 1, 2000 (as amended, supplemented or otherwise modified prior to the date hereof, the “Subordinate Mortgage” and together with the Senior Mortgage, collectively, the “Mortgage”), given by the Issuer and the Tenant in favor of the Trustee.

9. The Bonds are special and limited obligations of the Issuer payable from revenues and income derived from the Project including, without limitation, all tolls, rentals, revenues, rates, fees, charges, and other amounts as defined in the Indenture (the “Gross Receipts”). The

Issuer pledged and assigned the Gross Receipts and the Lease to the Trustee for the benefit of the holders as further security for the repayment of the Bonds.

10. Section 1117 of the Senior Indenture and Section 1105 of the Subordinate Indenture provide that the liability of the Issuer and the Tenant under the Indenture and under the Bonds or the Mortgage are nonrecourse obligations limited to the Project and the revenues from the Project, and that nothing in the Indenture, the Bonds, or the Mortgage can be construed as requiring either the Issuer or the Tenant to contribute any other funds or resources to the construction, operation, or maintenance of the Project. Therefore, any liability of the Issuer or the Tenant can be satisfied only out of the Project and its revenues.

11. Since 2006, the Gross Receipts have been insufficient to pay anything more than partial debt service on the Senior Bonds. No debt service has been paid on the Subordinate Bonds.

12. From 2006 until 2009, and pursuant to the terms of the Senior Indenture, the Trustee made debt service payments on the Senior Bonds by transferring funds from the Reserve Fund to the extent that funds held in the Bond Fund were not sufficient to pay debt service on the Senior Bonds.

13. In a notice sent to holders dated as of June 1, 2009, the Trustee advised holders of the Bonds that the June 1, 2009 interest payment would be the last full payment of interest to be made on the Senior Bonds unless and until the operations at the Facility improved.

14. The December 1, 2009 payment and each subsequent payment represented a partial payment of interest due on the Senior Bonds, consisting of all funds available from the net operating revenues and a partial payment from the Debt Service Reserve Fund. Thereafter, the amount available for payment of principal and interest on the Senior Bonds was dependent on

operating revenues received from the Facility. As a result, there was a default in payment on the Senior Bonds, which is still continuing.

15. Default in the payment of any interest upon any Senior Bond when it becomes due and payable constitutes an Event of Default under Section 601(1) of the Senior Indenture. Default in the payment of the principal of, or premium, if any, on any Bond when the same becomes due and payable, whether because of the Stated Maturity or the earlier redemption or acceleration of such Bonds or otherwise, constitutes an Event of Default under Section 601(2) of the Senior Indenture. Here, a default in the payment of principal or interest due on the Senior Bonds occurred as of December 1, 2009, and as of each subsequent Payment Date on the Senior Bonds. Such Events of Default are still outstanding.

16. In light of the Events of Default described above, the Trustee accelerated the Senior Bond indebtedness in February 2010.

17. An event of default under any of the Loan Documents (as defined in the Senior Mortgage to include the Bonds, the Indenture, and various other documents) constitutes an event of default under Section 5-1(1) of the Senior Mortgage. Therefore, an event of default occurred as of December 1, 2009, under Section 5-1(1) of the Senior Mortgage for the default in payment of the interest and principal on the Senior Bonds, which likewise constitutes an Event of Default under Section 601(4) of the Senior Indenture.

18. Upon an Event of Default under the Senior Indenture, the Trustee may exercise certain rights and remedies set forth in Section 602 of the Senior Indenture, which include the rights to accelerate the Senior Bonds, foreclose the Senior Mortgage, and cause the Facility to be sold.

19. For several years, an informal committee of interested holders (the “Bondholder Committee”) has been working with the Trustee to evaluate options to dispose of the Facility while maximizing the recovery on the Senior Bonds. Though their work continues and they are presently in talks with at least one interested buyer, an acceptable and workable disposition has thus far eluded the Bondholder Committee and the Trustee.

20. Meanwhile, the COVID-19 pandemic and the resulting reduction of traffic in downtown St. Paul has further reduced demand for parking and degraded the performance of the Project. For several months, revenues have been insufficient to cover Operating Costs let alone any amounts owing on the Bonds.

21. Allied Parking, Inc., is the present Operator of the Project pursuant to that certain Management Agreement dated July 1, 2011. On March 16, 2021, the Operator notified the Tenant that the Tenant had failed to pay the Operator’s invoices for Operating Costs incurred from December 2020 through February 2021 totaling \$200,397.81. The Operator further notified the Tenant that it would have the right to terminate the Management Agreement if payment was not received.

22. If the Operator were to terminate the Management Agreement, there would be no one to run the Facility and it would be left vacant. The Trustee and the Bondholder Committee have reasonably concluded that it is essential to the protection of the Facility and preservation of its value, which is the collateral for the Bonds and the holders’ sole source of recovery, that the Facility remain open and operating.

23. The Issuer entered into a loan agreement with the Operator pursuant to which the Issuer agreed to lend up to \$250,000 to cover Operating Costs from March 1, 2021, forward so that the Facility could remain open while the Trustee and Bondholder Committee pursued a

disposition of the Facility (the “Loan”). In its Order filed June 3, 2021, this Court authorized a deviation from certain terms of the Indenture and Lease to facilitate the Loan.

24. To date, at least \$178,280 of the Loan has been advanced. While revenues have improved somewhat, they are still insufficient to cover the Operating Costs of the Project. Another source of funds is therefore needed if the Facility is to remain open.

25. Various funds and accounts were established under the terms of the Indenture when the Bonds were first issued. These funds and accounts include the Subordinate Reserve Fund, the Subordinate Bond Fund, and the Repair and Replacement Fund. As of the date of the Petition, these accounts held the following balances:

<b>Account</b>	<b>Balance</b>
Subordinate Reserve Fund	\$34,503.67
Subordinate Bond Fund	\$6,585.59
Repair & Replacement Fund	\$100,000.92

The Trustee and the Bondholder Committee have proposed to draw on these funds to pay Operating Costs.

26. Each of these accounts was established under the Indenture for a different purpose. The Subordinate Bond Fund was established to receive funds meant to pay principal and interest on the Subordinate Bonds and to disburse those funds to bondholders. The Subordinate Reserve Fund was created to cover any principal, premium, and interest due during temporary shortfalls in cash flow. The Repair and Replacement Fund was established to fund major repairs, renewals, and replacements at the Facility that recur less often than annually.

27. The sustained underperformance of the Project and resulting defaults under the Indenture have frustrated the intended purposes of these accounts. Under Section 410 of the Subordinate Indenture, the holders of the Subordinate Bonds are not entitled to any payments because holders of the Senior Bonds have not been paid and almost certainly will never be paid

in full. It is also unlikely that any major repairs or renewals will be undertaken with funds drawn from the Repair and Replacement Fund because of the impending disposition of the Project.

28. The Trustee has reasonably concluded that having the Operator continue to operate the Facility is necessary to protect the Facility and preserve its value, and the Court concludes that the use of these funds to pay Operating Costs is a reasonable and prudent course of action for the Trustee to take.

29. Under Section 501C.0202(4) of the Minnesota Statutes, this Court has the power in this proceeding to authorize a deviation from the terms of the Trust created by the Indenture.

30. This Court has jurisdiction over this Petition under Minn. Stat. § 501C.0202(4) and (24) because the Trustee is seeking authorization for a deviation from the terms of the Trust created by the Indenture and instructions regarding the discharge of its duties under the Indenture. The Trustee has invoked such jurisdiction as a proceeding *in rem*.

31. The Trustee has fully complied with all of the notice and publication requirements set forth in Minn. Stat. § 501C.0203 as reflected by the Affidavit of Publication and Affidavit of Mailing filed with the Court Administrator.

32. No objections were filed by any party in interest. Any objections that could have been made are deemed waived.

Based upon the foregoing, **IT IS HEREBY ORDERED** that:

### **ORDER**

1. Notwithstanding the terms of the Indenture, the Mortgage, the Lease, or any other documents governing or related to the Bonds, the Trustee, in its discretion, may draw upon funds contained in the Subordinate Reserve Fund, the Subordinate Bond Fund, and/or the Repair and Replacement Fund to pay operating expenses of the Facility.

2. The Trustee's actions in bringing this Petition were within the bounds of its discretion, reasonable, and made in good faith, comply with the Indenture as amended, supplemented, and modified, comply with all applicable duties, and are fully authorized, permitted, and protected by the Indenture, and shall not subject Wells Fargo Bank, National Association, individually or as Trustee, to any liability.

3. This Order is binding upon the Trustee, the Issuer, the Tenant, the holders of the Senior Bonds, the holders of the Subordinate Bonds, registrars, calculation agents, paying agents, and all other parties involved in the administration of the Trust created by the Indenture and/or the payment or reimbursement of expenses with respect to the Trust.

4. The Trust and Wells Fargo Bank, National Association, shall not be subject to the continuing supervision of the Court for the purposes of Minn. Stat. § 501C.0205 or General Rule of Practice 417.02.

Dated: September 1, 2021

Recommended by:

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George Borer  
Referee of District Court

BY THE COURT:

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The Honorable Philip C. Carruthers  
Judge of the District Court





STATE OF MINNESOTA  
COUNTY OF HENNEPIN

DISTRICT COURT  
PROBATE DIVISION  
FOURTH JUDICIAL DISTRICT

In the Matter of:

Court File No.: 27-TR-CV-21-\_\_

The trusteeship created by the Port Authority of the City of Saint Paul relating to the issuance of Tax Exempt Senior Lien Parking Ramp Revenue Bonds (Fourth and Minnesota Parking Ramp Project) Series 2000-1 & 2000-7 and Taxable Subordinate Lien Parking Ramp Revenue Bonds (Fourth and Minnesota Parking Ramp Project) Series 2000-2

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**VERIFIED PETITION OF WELLS FARGO BANK,  
NATIONAL ASSOCIATION, AS TRUSTEE, FOR INSTRUCTION IN THE  
ADMINISTRATION OF A TRUST PURSUANT TO MINN. STAT. § 501C.0201, *et seq.***

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TO THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT:

Wells Fargo Bank, National Association, solely in its capacity as trustee for the above-referenced trust estate (in such capacity, the “Trustee”), by and through its undersigned attorneys, petitions the Court as follows:

1. Wells Fargo Bank, National Association (formerly known as Norwest Bank Minnesota, National Association, and later as Wells Fargo Bank Minnesota, National Association) (“Wells Fargo”), is a national banking association organized under the laws of the United States, is duly established, existing, and authorized to accept and execute trusts.

2. The Trustee is the duly appointed, qualified, and acting successor trustee under that certain Indenture of Trust dated as of May 1, 2000, between the Port Authority of the City of Saint Paul (the “Issuer”) and the Trustee (as amended, supplemented, or otherwise modified prior to the date hereof, the “Senior Indenture”), as supplemented by that certain Supplemental

Indenture of Trust dated as of December 1, 2000, between the Issuer and the Trustee (the “Supplemental Indenture”), and that certain Indenture of Trust dated as of May 1, 2000, between the Issuer and the Trustee (the “Subordinate Indenture” and together with the Senior Indenture, collectively, the “Indenture”). The Issuer is a public body corporate and politic organized and existing under Minnesota law. A true and correct copy of the original Senior Indenture is attached hereto as Exhibit 1. A true and correct copy of the Supplemental Indenture is attached hereto as Exhibit 2. A true and correct copy of the Subordinate Indenture is attached hereto as Exhibit 3. Except as otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Senior Indenture.

### **JURISDICTION AND VENUE**

3. This Court has jurisdiction over the Trust because the Trustee maintains a corporate trust office in Minnesota, and the Trustee administers the Trust in part in Minnesota. The Trustee invokes the district court’s jurisdiction as a proceeding *in rem*.

4. This Court has subject-matter jurisdiction over this Petition under Minn. Stat. § 501C.0202(1), (20) and (24) because the Trustee is seeking to confirm certain of its actions, obtain instructions regarding the discharge of its duties under the Indenture, and to terminate the trusts created by the Indenture upon completion of a foreclosure of the mortgage securing the Senior Indenture, sale of the resulting sheriff’s certificate, and distribution of the net sale proceeds to the holders of the Senior Bonds.

5. Venue lies in this Court’s judicial district pursuant to section 501C.0207(b) of the Minnesota Statutes because prior court proceedings with respect to the Trust have been held in this Court.

## BACKGROUND

6. Pursuant to the original Senior Indenture, the Issuer issued those certain Tax Exempt Senior Lien Parking Ramp Revenue Bonds (Fourth and Minnesota Parking Ramp Project) Series 2000-1 in the aggregate principal amount of \$17,205,000 (the “2000-1 Senior Bonds”).

7. Pursuant to the Supplemental Indenture, the Issuer issued those certain Tax Exempt Senior Lien Parking Ramp Revenue Bonds (Fourth and Minnesota Parking Ramp Project) Series 2000-7 in the aggregate principal amount of \$2,000,000 (the “2000-7 Senior Bonds” and together with the 2000-1 Senior Bonds, collectively, the “Senior Bonds”). The 2000-7 Senior Bonds are on parity with the 2000-1 Senior Bonds.

8. Pursuant to the Subordinate Indenture, the Issuer issued those certain Taxable Subordinate Lien Parking Ramp Revenue Bonds (Fourth and Minnesota Parking Ramp Project) Series 2000-2 in the aggregate principal amount of \$4,600,000 (the “Subordinate Bonds” and together with the Senior Bonds, collectively, the “Bonds”).

9. The proceeds of the Bonds were loaned to Capital City Properties, a Minnesota nonprofit corporation and a 501(c)(3) affiliate of the Issuer (“Capital City Properties” or “Tenant”), to construct and equip a parking ramp located at 50 4th St. E., St. Paul, Minnesota 55101 (the “Facility” or the “Project”). The Issuer owns the Facility and leases it to the Tenant pursuant to that certain Lease Agreement dated as of May 1, 2000, by and between the Issuer and the Tenant (the “Lease”). A true and correct copy of the Lease is attached hereto as Exhibit 4.

10. Repayment of the Senior Bonds is secured by, among other things, that certain Senior Mortgage, Security Agreement and Fixture Financing Statement dated as of May 1, 2000,

and amended as of December 1, 2000 (as amended, supplemented or otherwise modified prior to the date hereof, the “Senior Mortgage”), given by the Issuer and the Tenant (collectively, the “Mortgagor”) in favor of the Trustee. A true and correct copy of the Senior Mortgage is attached hereto as Exhibit 5. A true and correct copy of the first amendment to the Senior Mortgage is attached hereto as Exhibit 6.

11. Repayment of the Subordinate Bonds is secured by, among other things, that certain Subordinate Mortgage, Security Agreement and Fixture Financing Statement dated as of May 1, 2000 (as amended, supplemented or otherwise modified prior to the date hereof, the “Subordinate Mortgage” and together with the Senior Mortgage, collectively, the “Mortgage”), given by the Issuer and the Tenant in favor of the Trustee. A true and correct copy of the Subordinate Mortgage is attached hereto as Exhibit 7.

12. The Bonds are special and limited obligations of the Issuer payable from revenues and income derived from the Project including, without limitation, all tolls, rentals, revenues, rates, fees, charges, and other amounts as defined in the Indenture (the “Gross Receipts”). The Issuer pledged and assigned the Gross Receipts and the Lease to the Trustee for the benefit of the holders as further security for the repayment of the Bonds.

13. Section 1117 of the Senior Indenture and Section 1105 of the Subordinate Indenture provide that the liability of the Issuer and the Tenant under the Indenture and under the Bonds or the Mortgage are nonrecourse obligations limited to the Project and the revenues from the Project, and that nothing in the Indenture, the Bonds, or the Mortgage can be construed as requiring either the Issuer or the Tenant to contribute any other funds or resources to the construction, operation, or maintenance of the Project. Therefore, any liability of the Issuer or the Tenant can be satisfied only out of the Project and its revenues.

## DEFAULT

14. Since 2006, the Gross Receipts have been insufficient to pay anything more than partial debt service on the Senior Bonds. No debt service has been paid on the Subordinate Bonds.

15. From 2006 until 2009, and pursuant to the terms of the Senior Indenture, the Trustee made debt service payments on the Senior Bonds by transferring funds from the Reserve Fund to the extent that funds held in the Bond Fund were not sufficient to pay debt service on the Senior Bonds.

16. In a notice sent to holders dated as of June 1, 2009, the Trustee advised holders of the Bonds that the June 1, 2009 interest payment would be the last full payment of interest to be made on the Senior Bonds unless and until the operations at the Facility improved.

17. The December 1, 2009 payment and each subsequent payment represented a partial payment of interest due on the Senior Bonds, consisting of all funds available from the net operating revenues and a partial payment from the Debt Service Reserve Fund. Thereafter, the amount available for payment of principal and interest on the Senior Bonds was dependent on operating revenues received from the Facility. As a result, there was a default in payment on the Senior Bonds, which is still continuing as of the date of this Petition.

18. Default in the payment of any interest upon any Senior Bond when it becomes due and payable constitutes an Event of Default under Section 601(1) of the Senior Indenture. Default in the payment of the principal of, or premium, if any, on any Bond when the same becomes due and payable, whether because of the Stated Maturity or the earlier redemption or acceleration of such Bonds or otherwise, constitutes an Event of Default under Section 601(2) of the Senior Indenture. Here, a default in the payment of principal or interest due on the Senior

Bonds occurred as of December 1, 2009, and as of each subsequent Payment Date on the Senior Bonds. Such Events of Default are still outstanding as of the date of this Petition.

19. In light of the Events of Default described above, the Trustee accelerated the Senior Bond indebtedness in February 2010.

20. An event of default under any of the Loan Documents (as defined in the Senior Mortgage to include the Bonds, the Indenture, and various other documents) constitutes an event of default under Section 5-1(1) of the Senior Mortgage. Therefore, an event of default occurred as of December 1, 2009, under Section 5-1(1) of the Senior Mortgage for the default in payment of the interest and principal on the Senior Bonds, which likewise constitutes an Event of Default under Section 601(4) of the Senior Indenture.

21. Upon an Event of Default under the Senior Indenture, the Trustee may exercise certain rights and remedies set forth in Section 602 of the Senior Indenture, which include the rights to accelerate the Senior Bonds, foreclose the Senior Mortgage, and cause the Facility to be sold.

22. As of the date of this Petition, Events of Default as described above have occurred and are continuing under the Indenture and the Mortgage. The Mortgagor has been unable to meet its obligations under the Indenture and the Mortgage for the past twelve years. The pledged revenues under the Indenture have been insufficient to make payments of principal and interest under the Bonds, and the grace periods for curing the Defaults have expired. Repayment of a substantial portion of the amount due under the Senior Bonds or the Mortgage can only be obtained by a disposition of the Facility.

## **PROPOSED FORECLOSURE AND SHERIFF'S CERTIFICATE SALE**

23. For several years, an informal committee of interested holders (the "Bondholder Committee") has been working with the Trustee to evaluate options to dispose of the Facility while maximizing the recovery on the Senior Bonds. The Bondholder Committee and the Trustee have determined that the best remaining option is to foreclose the Senior Mortgage and, at the resulting sheriff's sale, have the Trustee bid in the amount of principal and interest outstanding on the Senior Bonds. As of the date of this Petition, there is \$15,067,862.61 in principal, plus more than \$14,750,000.00 in interest, due and owing on the Senior Bonds.

24. The most recent appraisal of the Project was completed in in September 2016 and yielded a value estimate of \$9,400,000. The Trustee and Bondholder Committee believe that the Project's value has materially decreased since that time. As a result, the Bondholder Committee and the Trustee believe with reasonable certainty that the Trustee's credit bid at a sheriff's sale will win and leave the Trustee holding the sheriff's certificate of sale.

25. With the advice and consent of the Bondholder Committee, the Trustee engaged a financial adviser to conduct a sale process for the sheriff's certificate. Seventeen potential bidders expressed interest, and six submitted letters of intent to purchase the sheriff's certificate. From these letters of intent, the Trustee and Bondholder Committee selected a best bid of \$7,000,000. In addition to the selected bid, the Trustee received two other bids from qualified bidders with a purchase price that would have been acceptable to the Bondholder Committee.

26. The Trustee executed the letter of intent of the winning bidder ("Buyer"), and the parties thereafter entered into a definitive purchase agreement ("Purchase Agreement"). A true and correct copy of the Purchase Agreement, redacted to protect the identity of the Buyer, is attached hereto as Exhibit 8.



27. The Trustee has commenced a civil action in the District Court of the Second Judicial District, County of Ramsey, State of Minnesota, Case No. 62-CV-21-6362 (the “Foreclosure Action”), seeking to foreclose the Senior Mortgage and to resolve certain issues regarding the title to be transferred to the Buyer at the end of applicable redemption periods.

28. Because the Trustee acts as Trustee both for the holders of the Senior Bonds and for the holders of the Subordinate Bonds, the Trustee has considered what duty, if any, it has to exercise the right to redeem under the Subordinate Mortgage for the benefit of the Subordinate Bondholders. The credit bid that the Trustee intends to make under the Senior Mortgage far exceeds the value of the Facility. In turn, the redemption price that the Trustee would have to pay to redeem the Facility for the benefit of the holders of the Subordinate Bonds far exceeds the value of the Facility. Moreover, the Trustee does not hold any cash under the Subordinate Indenture that could be used to pay the redemption price. Therefore, the Trustee has concluded that redemption of the Facility on behalf of the holders of the Subordinate Bonds is not feasible unless the holders of the Subordinate Bonds or their successors or assigns provide the cash required to redeem the Facility.

29. The Trustee and Bondholder Committee intend for operations at the Facility to continue during the Foreclosure Action and subsequent redemption periods. In a previous proceeding before this Court, the Court approved the Issuer’s agreement to lend the Operator of the Facility, Allied Parking, Inc., up to \$250,000 to cover Operating Costs from March 1, 2021, forward (the “Issuer Loan”). It is possible that advances under the Issuer Loan in excess of \$250,000 will be needed to keep the Facility open during the pendency of the Foreclosure Action and subsequent redemption periods. Accordingly, the Trustee also seeks authorization to borrow, in its discretion, additional sums from the Issuer to pay Operating Costs. The Issuer

may be willing to advance such sums on the same conditions that pertained to the original loan, namely (1) that the Tenant be allowed to pay operating expenses to the Operator out of the Project's receipts before depositing any remaining receipts with the Trustee and (2) that the loan be repaid out of the proceeds of the disposition of the Facility.

**WHEREFORE**, pursuant to the provisions of Minn. Stat. §§ 501C.0201 through 501C.0208 and all other applicable law, the Trustee respectfully requests that this Court make and enter herein an Order designating the time and place when interested persons may be heard upon the matters set forth in this Petition; that notice of the hearing be served in the manner specified in the accompanying Order and as provided by Minn. Stat. § 501C.0203; that the Court undertake to represent all parties in interest who are unascertained or unborn, or who are minors or incapacitated, pursuant to the provisions of Minn. Stat. § 501C.0305; and that at such designated time and place, this Court make a further Order as follows:

A. Determining that such Order is binding upon the Trustee, the Issuer, the Tenant, the holders of the Senior Bonds, the holders of the Subordinate Bonds, registrars, calculation agents, paying agents, and all other parties involved in the administration of the Trust created by the Indenture and/or the payment or reimbursement of expenses with respect to the Trust;

B. Confirming the Trustee's entry into the Purchase Agreement, authorizing the Trustee to implement it according to its terms, and authorizing the Trustee, in its discretion, to enter into a substitute purchase agreement providing for a purchase price acceptable to the Bondholder Committee in the event that the Purchase Agreement is terminated;

C. Confirming the Trustee's decision to commence the Foreclosure Action and authorizing the Trustee to bid in the amount of principal and interest outstanding on the Senior

Bonds at any sheriff's sale conducted pursuant to a decree of foreclosure obtained in such action;

D. Instructing the Trustee to refrain from exercising its right to redeem under the Subordinate Mortgage if such a sale is had and confirmed unless the holders of the Subordinate Bonds or their successors or assigns provide the cash required to redeem the Facility;

E. Authorizing the Trustee to borrow under the Issuer Loan such amounts in excess of \$250,000 that it deems reasonable and prudent to continue operations at the Facility;

F. Instructing the Trustee, after payment of the Issuer Loan, any amounts owed to the Operator, all Trustee fees and expenses, including attorney fees, and all other liabilities of the trusts created under the Indenture, to distribute the net proceeds from the sale of the sheriff's certificate to holders of the Senior Bonds according to the terms of the Senior Indenture;

G. Declaring that, upon the distribution of the net sale proceeds to holders of the Senior Bonds, the Trustee shall cancel the Bonds for all purposes and terminate the Senior Indenture, Supplemental Indenture, Subordinate Indenture, and related trusts;

H. Determining that the Trustee's actions in connection with the Foreclosure Action and Purchase Agreement, including its decision to bring this Petition, were within the bounds of its discretion, reasonable, and made in good faith, comply with the Indenture as amended, supplemented, and modified, comply with all applicable duties, and are fully authorized, permitted, and protected by the Indenture, and shall not subject Wells Fargo Bank, National Association, individually or as Trustee, to any liability;

I. Directing that the Trust and Wells Fargo Bank, National Association, shall not be subject to the continuing supervision of the Court for purposes of Minn. Stat. § 501C.0205 or General Rule of Practice 417.02; and

J. Granting such other and further relief as the Court may deem lawful, just, and proper.

Dated: December 29, 2021

DORSEY & WHITNEY LLP

By /s/ Eric R. Sherman  
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*Attorneys for Petitioner Wells Fargo Bank,  
National Association, as Trustee*

**ACKNOWLEDGMENT**

The undersigned hereby acknowledges that sanctions may be imposed under Minn. Stat. § 549.211.

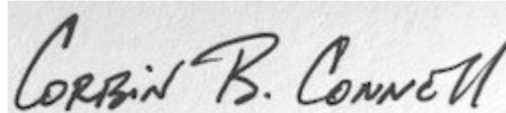
/s/ Eric R. Sherman

**VERIFICATION**

I, Corbin B. Connell, am a vice president of Computershare Trust Company, N.A., which acts as attorney-in-fact for Wells Fargo Bank, National Association, and I have reviewed the foregoing Petition and exhibits thereto and state that (a) I believe the factual statements in the Petition to be true and correct based on the information that is currently available to me, and (b) the exhibits hereto are true and correct copies of documents maintained by Wells Fargo Bank, National Association, in the ordinary course of its business.

I declare under penalty of perjury that everything I have stated in this Verification is true and correct.

Executed this 29<sup>th</sup> day of December, 2021, at Hennepin County, Minnesota.



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STATE OF MINNESOTA  
COUNTY OF HENNEPIN

DISTRICT COURT  
PROBATE DIVISION  
FOURTH JUDICIAL DISTRICT

In the Matter of:

Court File No.: 27-TR-CV-21-86

The trusteeship created by the Port Authority of the City of Saint Paul relating to the issuance of Tax Exempt Senior Lien Parking Ramp Revenue Bonds (Fourth and Minnesota Parking Ramp Project) Series 2000-1 & 2000-7 and Taxable Subordinate Lien Parking Ramp Revenue Bonds (Fourth and Minnesota Parking Ramp Project) Series 2000-2

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**NOTICE AND ORDER FOR HEARING  
ON VERIFIED PETITION OF WELLS FARGO BANK, NATIONAL ASSOCIATION,  
AS TRUSTEE, FOR INSTRUCTION IN THE ADMINISTRATION OF A TRUST  
PURSUANT TO MINN. STAT. § 501C.0201, *et seq.***

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Wells Fargo Bank, National Association, solely in its capacity as trustee (in such capacity, the “Trustee”) for the above-captioned trust (the “Trust”), having filed the Verified Petition of Wells Fargo Bank National Association, as Trustee, for Instruction in the Administration of a Trust Pursuant to Minn. Stat. § 501C.0201, *et. seq.* (the “Petition”), and the Court, having assumed jurisdiction of the proceeding *in rem* under § 501C.0201 of the Minnesota Statutes, now, upon motion of Dorsey & Whitney LLP, attorneys for the Trustee, hereby directs as follows:

1. Due to the COVID-19 pandemic and pursuant to Minnesota Supreme Court Order, the Petition will be heard remotely on **February 2, 2022, at 8:30 a.m.** by this court. The court will notify the petitioner (or the petitioner’s attorney, if applicable) with further information regarding remotely attending this hearing. If you are not the petitioner and wish to appear at the hearing to object, please contact the court by phone at (612) 348-6000 by 4:30 p.m.

on February 1, 2022, so that arrangements can be made for you to appear. Additionally, if you object to the relief sought, you must file a written objection with the court administrator by 4:30 p.m. on February 1, 2022. Written objections can be mailed with the applicable filing fee to: Hennepin County District Court – Probate/Mental Health Division, 300 South Sixth Street – C4 Govt. Ctr., Minneapolis, MN 55487-0340, electronically filed in the electronic filing system or emailed as a PDF attachment to [HennepinCountyProbateCourt@courts.state.mn.us](mailto:HennepinCountyProbateCourt@courts.state.mn.us).

2. Notice of the hearing shall be given by publishing a copy of this Order one time in a legal newspaper of Hennepin County, Minnesota, at least twenty (20) days before the date of the hearing.

3. The Trustee is further directed to send copies of this Order and the Petition (exclusive of the exhibits), without duplication, at least fifteen (15) days prior to the hearing date, to all registered holders at the address of such holders as shown in the Bond Register. To the extent that any of the Bonds (as defined in the Petition) are held through the Depository Trust Company or another indirect holding system, the Trustee is directed to send copies of this Order and the Petition (exclusive of the exhibits), without duplication, to the Depository Trust Company or such other indirect holding system consistent with its noticing procedures at least fifteen (15) days prior to the hearing date and such notice shall be sufficient. Upon sending this Order and the Petition to the registered holders, the Trustee shall complete an Affidavit of Mailing, and such affidavit shall constitute sufficient evidence of mailing, so as to comply with the notice requirements of section 501C.0203, subd. 1, of the Minnesota Statutes.



4. Interested persons are hereby referred to the Petition provided to them and on file in the office of the Court Administrator for a specification of the matters to be considered at said hearing.

Dated: January 7, 2022

Recommended by:

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Referee of District Court

**BY THE COURT:**

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Judge of the District Court

**Prepared by:**

DORSEY & WHITNEY LLP  
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*Attorneys for Petitioner*