STATE OF MINNESOTA
MINNESOTA MANAGEMENT AND BUDGET

Tax-Exempt Governmental Obligations and Tax Credit Bonds
Tax Compliance Policies and Procedures

Dated: June 19, 2012

I. Purpose

This policy is adopted by the Commissioner (the "Commissioner") of Minnesota Management and Budget ("MMB") on behalf of the State of Minnesota (the "State" or the "Issuer") for purposes of internal management to ensure (1) that interest on tax-exempt governmental bonds and other tax-exempt obligations of the Issuer authorized by the State Legislature ("TEBs") remains excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"); and (2) that bonds of the Issuer authorized by the State Legislature and intended to be issued as tax credit bonds or other tax advantaged obligations under the Code (the "Tax Credit Bonds").

These are intended to formally memorialize certain policies and procedures of the Issuer previously adopted or followed by the Issuer in connection with its issuance of TEBs or Tax Credit Bonds (collectively, "Bonds").

In fulfilling the duties set forth herein, the Commissioner and other State officers shall have the discretion to consult with nationally recognized bond counsel ("Bond Counsel") or other advisors as they deem appropriate.

II. Use of Bond Proceeds

A. Expenditure of Bond proceeds will be reviewed by the Treasury/Debt Management Division and, for each State agency that is the beneficiary thereof, the representative for such State agency as identified in Exhibit A hereto.

B. The Issuer has separately established procedures for preparation and review of capital budget requests, including identifying the bond-financed property, for Bond proceeds as part of the State accounting system, available at MMB Swift website (http://www.swift.state.mn.us).

C. The tax documentation (the "Issue Tax Document") executed by the Issuer in connection with any issuance of Bonds shall set forth the projects expected to be funded by proceeds of such issuance, as determined by the Commissioner, as well as the character and useful life or useful lives of such projects.

D. None of the proceeds of the Bonds will be used to reimburse the Issuer for costs of a capital project paid more than 60 days prior to the date of enactment of the bill authorizing the issuance thereof, which is a declaration of intent in compliance with

Section 1.150-2 of the Treasury Regulations, unless such reimbursed amounts otherwise fully comply with the provisions of Section 1.150-2 or the Issuer obtains an approving opinion of nationally recognized Bond Counsel.

E. Staff costs may be financed with Bond proceeds only to the extent that they are properly capitalized as a cost of a capital project under generally accepted accounting principles and federal tax law and in compliance with policies of Minnesota Management and Budget and State agency reports, attached as Exhibit B hereto.

F. Requests for expenditures will be summarized in a “final allocation” of Bond proceeds to uses not later than 18 months after the in-service date of the Bond-financed property (and in any event not later than 5 years and 60 days after the issuance of the Bonds or not later than 60 days after earlier retirement of issue) in a manner consistent with allocations made to determine compliance with arbitrage yield restriction and rebate requirements by the Treasury/Debt Management Division, or such later date as may be approved in an opinion of Bond Counsel.

G. Expenditure of proceeds of the Bonds will be measured against the Issuer’s documented expectation in the Issue Tax Document to (i) spend or commit 5% of net sale proceeds within 6 months and to proceed with due diligence to complete the capital project and fully spend the net sale and investment proceeds within three years; and (ii) spend net sale and investment proceeds in accordance with any available spending exception to rebate. In the event that such spending exceptions under the Code are not met, calculations of rebate liability will be performed by the Accounting Services Division. Such calculations shall be made annually.

H. Expenditures of proceeds of Tax Credit Bonds must adhere to the Issuer’s expectations as set forth in the Issue Tax Document or otherwise be approved by the Commissioner in consultation with Bond Counsel. Specific expenditure requirements for existing or future tax credit bond programs may be appended hereto should the State issue any such obligations and actual expenditure of the proceeds of any such obligations must be consistent with any restrictions imposed by the Code and Regulations.

I. If there are any proceeds of Bonds remaining in the Bond Proceeds Fund or the Trunk Highway Fund established pursuant to the Order after completion of the projects, such proceeds shall be applied to defeasance of the Bonds or otherwise, if and to the extent permitted by law and approved by the Commissioner after consultation with Bond Counsel.

J. When proceeds of any Bonds are to be used to make a grant or loan to an unrelated party (a political subdivision of the State), a grant or loan agreement will be prepared to comply with requirements of the Code in accordance with a form prepared on behalf of the commissioner by the Office of the Attorney General and approved for the granting State agency by one of the representatives for such State agency as identified in Exhibit A hereto. The repayment of any portion of a grant or loan by the grantee shall be treated as unspent proceeds of any Bonds; and a representative for the State agency as identified in Exhibit A hereto shall promptly report the amount of any repaid grant funds to MMB.

K. The Commissioner may utilize the G.O. Compliance Checklist for Ground Lease or Easement, attached hereto as Exhibit E, as necessary to determine compliance with applicable ownership requirements under state law.

III. Use of Bond-Financed Property

A. Records will be maintained by the Treasury/Debt Management Division identifying the State assets or portion of assets that are financed with Bond proceeds; provided, however, that for the University of Minnesota and Minnesota State Colleges and Universities, such records will be maintained by the representative for each such entity as identified in Exhibit A hereto.

B. Upon issuance of Bonds, there shall be no expectation that the Bond-financed property will be sold or otherwise disposed of by the Issuer or political subdivision of the State which has received a grant or loan of Bond proceeds during the term of the Bonds.

C. Appropriate State agency commissioners, managers or other officials shall be advised in writing concerning restrictions on the use of Bond proceeds and the facilities financed thereby and instructed to consult with the representative(s) of the applicable State agency as identified in Exhibit A hereto and, if necessary, the Treasury/Debt Management Division regarding any third-party contract concerning use of the facilities, including without limitation leases, use, management or service contracts, and research contracts. See G. O. Compliance Checklist for Use Contracts, attached hereto as Exhibit C.

D. Agreements with business users for lease, use, management, or any other service with respect to, or non-governmental use of, Bond-financed property may be entered into only upon approval of the Commissioner of MMB. Prior to such approval and execution, such agreement will be reviewed for compliance with the Code by the representative of the applicable State agency as identified in Exhibit A hereto and the Assistant Commissioner—Treasury, who will be responsible for determining whether the proposed agreement (i) results in private business use of the facilities, and (ii) if applicable, meets the compensation, term and other requirements under Revenue Procedures 97-13 and 2007-47 and, with respect to Tax Credit Bonds, any other requirements imposed by the IRS; all upon advice of Bond Counsel, as necessary.

E. The representative of each State agency identified in Exhibit A hereto will meet at least annually with facilities personnel for the agency to identify and discuss any existing or planned private use of Bond-financed facilities of such agency. Grantees and loan recipients of Bond proceeds will notify their grant or loan administrator at the appropriate state agency of any existing or planned private use of Bond-finance facilities and those loan or grant administrators will notify the representative of each State agency identified in Exhibit A thereof. The representative of each State agency will submit findings to MMB.

F. MMB will maintain a record of private and third-party use of Bond-financed facilities throughout the term of the Bonds.

G. No item of Bond-financed property will be sold or transferred by the Issuer, or grantee or loan recipient of Bond proceeds without approval of the Commissioner of MMB, who shall seek advice of the Office of the Attorney General or Bond Counsel, as necessary, to provide guidance as to “remedial action” that may be required under the applicable Treasury Regulations if Bonds financing such property remain outstanding as of the date of sale or transfer of such property. In addition, the G.O. Compliance Checklist for Sale of G.O. Bond Financed Property, attached hereto as Exhibit D, shall be utilized in determining the conformity of any such sale with state law.

IV. Investments

A. Investment of Bond proceeds in compliance with the arbitrage and rebate requirements of the Code and applicable Treasury Regulations will be managed and supervised by the State Board of Investment in accordance with the balances and yields provided by the Treasury/Debt Management Division.

B. The State Board of Investment will provide to the Accounting Services Division regular, periodic (monthly) statements regarding the investments and transactions involving the Debt Service Fund.

C. The State Board of Investment will provide to the Accounting Services Division regular, frequent (daily) statements regarding investments and transactions for Invested Treasurer's Cash (ITC) allocations including Bond proceeds. Reports on bond precede project expenditures are then provided by Accounting Services Division to the Treasury Division in order to calculate expenditures by bond issue.

D. Investment of the gross proceeds of Bonds prior to expenditure thereof will be made only as permitted by the Order and Issue Tax Document, and all investments will be purchased only at fair market value, as determined under applicable Treasury Regulations.

E. Guaranteed investment contracts (“GICs”) will be purchased according to the fair market value provisions of applicable Treasury Regulations, including bid requirements and fee limitations. Certificates of deposit will be purchased only according to the fair market value provisions of applicable Treasury Regulations.

F. Upon final expenditure of the gross proceeds of Bonds, and in any event promptly following the fifth anniversary of the date of issuance of the Bonds or earlier retirement of the Bonds, the Accounting Services Division of the Issuer will prepare a spending exception report or an arbitrage rebate computation (as applicable) for the issue of Bonds. Rebate payments, if due, will be made with Form 8038-T no later than 60 days after (i) each fifth anniversary of the date of issuance of the Bonds and (ii) the final retirement of the Bond issue.

V. Tax Credit Bonds

A. Should the State issue Tax Credit Bonds, these procedures may be supplemented to address particular requirements of such bonds.

B. In any case, the Commissioner will cause any particular requirements imposed by the Code and the Regulations relating to such bonds to be met, including any requirements as to filing of tax forms, investment of proceeds, expenditure of proceeds, use of bond-financed property, and recordkeeping

VI. Record Management and Retention

A. Management and retention of records related to Bond issues will be supervised by the Assistant Commissioner—Treasury and projects financed by TEBs and other tax exempt financings.

B. Records for Bonds will be retained for (i) the life of the Bonds, plus any refunding bonds, plus four years or (ii) if longer, with respect to records held by Agencies, the period mandated by the record retention procedures of such Agencies. Such records may be in the form of documents or electronic copies of documents, appropriately indexed to specific Bond issues and compliance functions.

C. Retainable records pertaining to Bond issuance, use and investment of Bond proceeds, and use of Bond-financed property shall include the following, which shall be retained by the Treasury/Debt Management Division, unless otherwise noted below:

- The Bond closing transcript and any amendments to Bond documents.
- Documents relating to capital expenditures financed by Bond proceeds. MMB will advise Agencies to retain related records such as requests for Bond proceeds, construction contracts, purchase orders, invoices, and payment records. Such documents will include documents relating to costs reimbursed with Bond proceeds.
- Records identifying the assets or portion of assets that are financed with Bond proceeds, which shall be retained by MMB.
- Records identifying the amount of Bond proceeds used for grants or loans. Such records shall include the governmental purpose of the grant, the name of the grantee and the amount of the grant, which shall be retained by the appropriate State agency.
- Records regarding the amount and use of any repaid grant funds.
- All contracts and arrangements involving private use of the Bond-financed property, including third-party lease, use, management or service contracts, and research contracts, which shall be retained by the appropriate State agency and MMB.
- All reports relating to the allocation of Bond proceeds and private use of Bond financed assets.
- Copies of requests for refundable credits for Bonds.
- Records of investments, GICs or other investment agreements, bidding relating thereto, and records of investment activity sufficient to permit calculation of arbitrage rebate or demonstration that no rebate is due; arbitrage reports; and copies of rebate calculations and records of payments, including Forms 8038-T.

VII. Overall Responsibility

A. Overall administration and coordination of these guidelines are the responsibility of the Assistant Commissioner—Treasury.

B. The Assistant Commissioner—Treasury will coordinate an annual review process to investigate, monitor, assure and document compliance with these procedures. Such review shall include consideration of ongoing coordination with and training of other State officers and staff whose actions may impact compliance. Such training shall be organized by the Assistant Commissioner—Treasury in his or her discretion and may include biennial training in conjunction with budget matters and periodic orientation for new personnel.

C. The Issuer understands that failure to comply with these policies and procedures could result in the retroactive loss of (i) the exclusion of interest on TEBs from federal gross and Minnesota taxable net income, and (ii) the federal tax credit with respect to Tax Credit Bonds; and, thus, it would be advisable to consult with Bond Counsel in advance regarding deviations from the facts and expectations as set forth in the closing certifications relating to any issue of Bonds.

D. Any violations or potential violations of federal tax requirements shall promptly be reported to the Commissioner or the Assistant Commissioner—Treasury, and the Assistant Commissioner—Treasury will engage qualified consultants and Bond Counsel to further investigate potential violations or undertake appropriate remedial actions, which may include application under the Voluntary Closing Agreement Program.

E. The Assistant Commissioner—Treasury will immediately consult with Bond Counsel or other qualified advisors upon receipt of any correspondence from, or opening of an examination of any type, with respect to Bonds.

EXHIBIT A

Agency Name	Representative(s)
Administration, Department of	• Director, Financial Management & Reporting • Assistant Commissioner, State Facilities Services • Senior Director, Real Estate and Construction Services
Agriculture, Department of	• Financial Management Director
Amateur Sports Commission	• Executive Director
Capitol Area Architectural Planning Board	• Principal Planner
Corrections, Department of	• Chief Financial Officer • Capital Resources Administrator • Assistant Commissioner, Facilities Division
Education, Department of	• Fiscal & Administrative Services Manager
Employment and Economic Development, Department of	• Chief Financial Officer
Enterprise Technology, Office of	• Chief Financial Officer • Financial Management Director
Health, Department of	• Chief Financial Officer
Housing Finance Agency	• Assistant Commissioner of Policy
Human Services, Department of	• Budget Director • Physical Plant Operations Manager
Metropolitan Council	• Chief Financial Officer
Military Affairs, Department of	• Comptroller
Minnesota Historical Society	• Chief Financial Officer
Minnesota Management & Budget	• Assistant Commissioner—Treasury
Minnesota State Academies	• Superintendent • Physical Plant Director
Minnesota State Colleges and Universities	• Vice Chancellor and Chief Financial Officer • Associate Vice Chancellor - Facilities
Natural Resources, Department of	• Chief Financial Officer
Perpich Center for Arts Education	• Admin Management Director
Pollution Control Agency	• Financial Management Director
Public Facilities Authority	• Executive Director
Public Safety, Department of	• Chief Financial Officer
Transportation, Department of	• Chief Financial Officer • Director of Budget and Resource Management • Budget Director
University of Minnesota	• Chief Financial Officer • Associate Vice Chancellor, Facilities
Veterans Affairs, Department of	• Facilities Program Director • Accounting Manager
Water and Soil Resources, Board of	• Executive Director
Zoological Gardens	• Chief Financial Officer

EXHIBIT B

Policy Regarding Use of General Obligation Bond Proceeds to Fund Staff Costs
Minnesota Management and Budget

October 20, 2009

I. Objective:

To account for the use of general obligation bond proceeds that agencies use to fund the capitalizable costs of staff directly involved in delivering a capital project. State agencies are strongly encouraged to charge the time of state employees working on capital projects to non-bond funding sources because of the undesirable practice of amortizing such salary costs over the 20 year life of state general obligation bonds.

II. Definitions:

Capitalizable costs of staff means the portion of the compensation of employees working directly on a capital project that is directly related to that capital project based on the compensation of each such employee (including employee benefits) and payroll taxes paid by the agency for such employee and the amount of time actually spent by such employee on the project that is properly capitalized as a cost of a project under generally accepted accounting principles and federal tax law. Agencies may use bond proceeds only for out-of-pocket capital costs and not for depreciation, amortization, overhead, general administration, or similar costs.

Capital project means the acquisition or betterment of public land and buildings and other public improvements, the costs of which are properly capitalized under generally accepted accounting principles.

III. Policy:

1. Agencies intending to use general obligation bond proceeds to fund the capitalizable costs of staff directly involved in delivering a capital project authorized in a bonding bill must notify Minnesota Management and Budget (MMB) of their intention prior to expending any bond appropriations for that purpose.

2. Staff time expended on capital projects are required to be tracked by each individual project in a form and manner acceptable to MMB. Agencies should submit a memorandum to their Executive Budget Officer (EBO) outlining their proposed process for tracking and reporting agency staff time directly expended on completing authorized capital projects for review and approval by MMB.

IV. Criteria for Reporting Format:

Reporting of staff time spent on capital projects funded from general obligation bond proceeds must reflect the following criteria:

1. Time must be tracked by each project individually.
2. Each individual recording time must be identified.
3. Time must be tracked on a daily basis.

V. Policy Implementation:

Each agency must submit a report detailing the time expended on implementing capital projects to their respective EBO on a quarterly basis. Each agency must certify that such time is properly capitalizable as a cost of the appropriate project in accordance with applicable accounting principles. EBOs shall review the reports and notify the Capital Projects Coordinator if any issues are noted. The Capital Projects Coordinator will work with the agency in question to resolve any issues that are identified. If the agency and the Capital Projects Coordinator are unable to resolve any issues, the Assistant Commissioner—Treasury will make a final determination, in consultation with Bond Counsel as needed, as to the resolution of any issues.

Upon completion of each capital project undertaken, the agency will provide written notification to its EBO and no further reimbursement for any capitalizable costs may be made.

VI. Effective Date of Policy:

This policy will be effective with bonding appropriations authorized in the 2010 legislative session. Agencies that already have explicit statutory authority for prior bond authorizations to use general obligation bond proceeds to fund the costs of staff directly involved in delivering a capital project must still submit a plan to track those costs to MMB for its review and approval prior to using any general obligation bond funds for such purposes.

VII. Contacts:

Gay Greiter, Capital Projects Coordinator, (651) 201-8049
Kristin Hanson, Assistant Commissioner—Treasury, (651) 201-8030
Mike Roelofs, Budget Team Leader, (651) 201-8023

EXHIBIT C

G. O. Compliance Checklist for
USE CONTRACTS

Project Name:	______________________________
Location of Project:	______________________________
Identity of Public Entity:	______________________________
Identity of Counterparty:	______________________________
Use Contract:	______________________________

This G.O. Compliance Checklist for Use Contracts is intended to merely be a mechanism to assist the commissioner of Minnesota Management and Budget in his or her evaluation of Use Contracts relating to GO Bond Financed Property, and for no other purpose.

The following definitions apply for the purpose of this checklist:

Allowable Payments - means (i) payments made by the Counterparty to the Public Entity to reimburse the Public Entity for ordinary and necessary expenses related to the operation and maintenance of the Facility and amounts that the Public Entity has advanced under the Use Contract because of the Counterparty's failure to make any payments required for the operation and maintenance of the Facility, and (ii) the receipt of any insurance payments that are required to be used to restore or replace the damaged portion of the Facility.

Commissioner - means the commissioner of Minnesota Management and Budget, or his or her designee.

Commissioner's Order - means the "Third Order Amending Order of the Commissioner of Finance Relating to Use and Sale of State Bond Financed Property", dated August 26, 2010.

Counterparty - means the entity that will be the user of the Facility under the Use Contract from the Public Entity.

Facility - means the real property and, if applicable, structures in which the Public Entity will possess an ownership interest and will be used by the Counterparty under the Use Contract.

GO Compliance Bill - means Minn. Stat. § 16A.695.

GO Bonds - means the State general obligation bonds, the proceeds of which were or will be used to acquire or better the Facility.

Governmental Program - means a governmental program established or authorized by law and established by official action of the Public Entity, for which the Use Contract is being used.

Periodic Fixed Fee – means a stated dollar amount for services rendered for a specified period of time. The stated dollar amount may automatically increase according to a specified, objective, external standard that is not linked to the output or efficiency of a facility, such as the Consumer Price Index.

Public Entity - means the public entity that will grant the operation of the Facility to the Counterparty under the Use Contract.

Renewal Option – means a provision under which the Counterparty has a legally enforceable right to renew the Use Contract.

Use Contract - means a lease, management agreement, research agreement, naming rights agreement, cell tower agreement, or other such agreement by and between the Public Entity and the Counterparty, under which the Counterparty acquires from the Public Entity the right to use and operate the Facility.

Requirements Imposed by the GO Compliance Bill and the Commissioner's Order

The following sets forth the requirements that must be satisfied for all Use Contracts for "state bond financed property" (i.e. property acquired or bettered in whole or in part with the proceeds of state general obligation bonds), in order for such Use Contract to comply with the requirements contained in the GO Compliance Bill and the Commissioner's Order.

NOTE: In the following questions "N/A" means not applicable.

I. PUBLIC OWNERSHIP

A. Is the Public Entity a public entity?
(See Minn. Const. art. XI, § 5(a), and § 1.02 of the Commissioner's Order)

Yes ☐ No ☐

* If the Public Entity is not a public entity, then specify the section or paragraph numbers in the Use Contract that indicates what the Public Entity is:

  ____

B. Is <u>one</u> of the following provisions satisfied (i.e., one of the following questions must be answered "Yes")?

Yes ☐ No ☐

1. Is the Public Entity the fee owner of all of the Facility?
   (See Minn. Const. art. XI, § 5(a), and § 1.02 of the Commissioner's Order)

   Yes ☐ No ☐ N/A ☐

   * Section or paragraph numbers in the Use Contract that satisfy this requirement:

     ____

* If the Public Entity is not the fee owner of all of the Facility, specify the section or paragraph numbers in the Use Contract that indicates who owns the various parts of the Facility: ________________

2. Does the Public Entity possess a long-term lease or easement for all of the Facility that is for a term that is equal to or greater than the following length of time?

   Yes ☐ No ☐ N/A ☐

   i. 125% of the useful life of the structures that are a part of the Facility if the Facility includes any structures,
   ii. 37.5 years if the Facility consists only of real property,
   iii. Such shorter period of time that is authorized by a Minnesota statute, rule or session law, and has been consented to by the Commissioner.
   iv. (Cite applicable statute, rule or session law: _______________)

   * Section or paragraph numbers in the Use Contract that satisfy this requirement: ________________

3. If the Public Entity is the fee owner of only a portion of the Facility, does it possess a long-term lease or easement for the portion it does not own that is for a term equal to or greater than the following length of time?

   Yes ☐ No ☐ N/A ☐

   i. 125% of the useful life of the structures.
   ii. Such shorter period of time that is authorized by a Minnesota statute, rule or session law, and has been consented to by the Commissioner.
   iii. (Cite applicable statute, rule or session law: ____________________

   * Section or paragraph numbers in the Use Contact that satisfy this requirement: ________________

II. LESSOR'S STATUTORY AUTHORITY

Does the Use Contract contain a provision delineating the statutory authority under which the Public Entity is entering into and executing such agreement?
(See § 4.01 of the Commissioner's Order)

Yes ☐ No ☐ N/A ☐

* Section or paragraph numbers in the Use Contract that satisfy this requirement: ___________________

III. STATUTORY CITATION FOR GOVERNMENTAL PROGRAM:

Does the Use Contract contain a provision which: (i) states that it is being executed and entered into in order to carry out a Governmental Program, (ii) sets forth and describes the Governmental Program, and (iii) provides a statutory citation for the Governmental Program? (See Minn. Stat. § 16A.695 Subd. 2(b) and § 4.02(a) of the Commissioner's Order)

Yes ☐ No ☐ N/A ☐

* Section or paragraph numbers in the Use Contract that satisfy this requirement: ____________________

IV. OVERSIGHT BY LESSOR

Is one of the following provisions satisfied (i.e. one of the following questions must be answered "Yes")?
(See Minn. Stat. § 16A.695 Subd. 2(b) and § 4.02(c) of the Commissioner's Order)

Yes ☐ No ☐ N/A ☐

1. Does the Use Contract require the Counterparty to provide the Public Entity an initial program evaluation report and annual, or more frequent, budgets for the Governmental Program to be operated in the Facility, which show program revenues and expenses, and some way to annually determine that the Counterparty is using the Facility for the Governmental Program?

   Yes ☐ No ☐ N/A ☐

   * Section or paragraph numbers in the Use Contract that satisfy this requirement: ________________

2. Does the Use Contract provide for some other form of oversight by the Public Entity of the Governmental Program to be operated in the Facility?

   Yes ☐ No ☐ N/A ☐

   * Section or paragraph numbers in the Use Contract that satisfy this requirement: ________________

V. TERM OF THE USE CONTRACT

A. Is one of the following provisions satisfied (i.e. one of the following questions must be answered "Yes")?
   (See Minn. Stat. § 16A.695 Subd. 2(b) and § 4.02(b) of the Commissioner's Order)

   Yes ☐ No ☐

   1. If the Facility consists only of land, is the term of the Use Contract equal to or less than the lesser of 15 years or 50% of the term of the Public Entity's ownership interest in the land?

      Yes ☐ No ☐ N/A ☐

(NOTE: The Use Contract may allow renewals beyond the initial term upon a determination by the Public Entity that the use will continue to carry out the Governmental Program and that it wants the Counterparty to continue to operate the Facility.)

* Section or paragraph numbers in the Use Contract that satisfy this requirement: ________________

2. If the Facility consists of structures, is the term of the Use Contract equal to or less than the lesser of 50% of the useful life of such structures or 50% of the term of the Public Entity's ownership interest in such structures?

   Yes ☐ No ☐ N/A ☐

   (NOTE: The Use Contract may allow renewals beyond the initial term upon a determination by the Public Entity that the use will continue to carry out the Governmental Program and that it wants the Counterparty to continue to operate the Facility.)

   * Section or paragraph numbers in the Use Contract that satisfy this requirement: ________________

B. Is the Use Contract free of any provisions that would require, either directly or indirectly, the Public Entity to make an affirmative determination that the renewal of the Use Contract will continue to carry out the Governmental Program?
(See Minn. Stat. § 16A.695 Subd. 2(b) and § 4.02(b) of the Commissioner's Order)

Yes ☐ No ☐

[NOTE: Agreement by the Public Entity to reimburse the Counterparty for any investment that the Counterparty provided for the acquisition or betterment of the Real Property and, if applicable, Facility that is the subject of the Use Contract if the Public Entity does not renew the Use Agreement if requested by the Counterparty is not deemed to be a provision that directly or indirectly requires the Public Entity to renew such Use Contract.]

C. Is the Use Contract free of any provisions that would require, either directly or indirectly, the Public Entity to renew the Use Contract with the Counterparty after the expiration of the initial term or any renewal term, which includes but is not limited to a unilateral option to renew by the Counterparty?
(See Minn. Stat. § 16A.695 Subd. 2(b), and § 4.02(b) of the Commissioner's Order)

Yes ☐ No ☐

[NOTE: See Note under paragraph B above.]

D. Is the Use Contract free of provisions that would create an impediment, either directly or indirectly, to the Public Entity deciding to not renew the Use Contract with the Counterparty after the expiration of the initial term or any renewal?

(See Minn. Stat. § 16A.695 Subd. 2(b), and § 4.02(b) of the Commissioner's Order)

Yes ☐ No ☐

[NOTE: Agreement by the Public Entity to reimburse the Counterparty for any investment that the Counterparty provided for the acquisition or betterment of the Real Property and, if applicable, Facility that is the subject of the Use Contract if the Public Entity does not renew the Use Agreement if requested by the Counterparty is not deemed to be a provision that directly or indirectly impedes the Public Entity's decision to not renew such Use Contract.]

E. Does the Use Contract contain a provision that clearly states that the Public Entity is not required to renew the Use Agreement beyond the original term thereof and that the Public Entity may, at its sole option and discretion, allow the Use Agreement to expire at the end of its original term and thereafter directly operate the governmental program in the Real Property and, if applicable, Facility or contract with some other entity to operate the governmental program in the Real Property and, if applicable, Facility?
(See Minn. Stat. § 16A.695 Subd. 2(b), and § 4.02(b) of the Commissioner's Order)

Yes ☐ No ☐

* Section or paragraph numbers in the Use Contact that satisfy this requirement: _______________

VI. TERMINATION OF USE CONTRACT

A. Does the Use Contract allow for termination by the Public Entity in the event of a default thereunder by the Counterparty?
(See Minn. Stat. § 16A.695 Subd. 2(b) and § 4.02(d) of the Commissioner's Order)

Yes ☐ No ☐

* Section or paragraph numbers in the Use Contract that satisfy this requirement: ___________________

B. Does the Use Contract contain a provision under which it automatically and immediately terminates upon a termination of the Governmental Program or change in the Governmental Program that no longer allows the Public Entity to continue to own or operate the Facility for the Governmental Program?
(See Minn. Stat. § 16A.695 Subd. 2(b), and § 4.02(d) of the Commissioner's Order)

Yes ☐ No ☐

* Section or paragraph numbers in the Use Contract that satisfy this requirement: __________________

VII. COST OF OPERATION OF THE FACILITY

Is one of the following provisions satisfied (i.e., one of the following questions must be answered “Yes”)?
(See § 4.02(e) of the Commissioner's Order)

Yes ☐ No ☐ N/A ☐

1. Does the Use Contract require the Counterparty to pay all costs of operation and maintenance of the Facility?

   Yes ☐ No ☐ N/A ☐

   * Section or paragraph numbers in the Use Contract that satisfy this requirement: ________________

2. Does the Public Entity have specific statutory authority to expend monies to operate and maintain the Facility?

   Yes ☐ No ☐ N/A ☐

   * Section or paragraph numbers in the Use Contract that satisfy this requirement: ________________

VIII. RECEIPT OF MONIES/COMPLIANCE WITH TAX CODE

Is one of the following provisions satisfied (i.e. one of the following questions must be answered “Yes”)?
(See § 4.04(a) of the Commissioner's Order).

Yes ☐ No ☐

1. Have all of the GO Bonds been paid in full or redeemed?

   Yes ☐ No ☐

2. Is the Use Contract structured so that the Public Entity will not receive any monies from the Counterparty other than Allowable Payments?

   Yes ☐ No ☐

3. Is the Counterparty a governmental unit of the state?

   Yes ☐ No ☐

4. Are all of the following true of the Use Contract: (a) compensation is reasonable for services rendered and no compensation is based on a share of net profits from the operation of the facility, (b) 95% or more of the compensation payable to the Counterparty is comprised of a Periodic Fixed Fee, and (c) the term of the Use Contract, including all Renewal Options, does not exceed the lesser of 15 years or 80% of the reasonably expected useful life of the financed property?

Yes ☐ No ☐

5. Are all of the following true of the Use Contract: (a) compensation is reasonable for services rendered and no compensation is based on a share of net profits from the operation of the facility, (b) 80% or more of the compensation payable to the Counterparty is comprised of a Periodic Fixed Fee, and (c) the term of the Use Contract, including all Renewal Options, does not exceed the lesser of 10 years or 80% of the reasonably expected useful life of the financed property?

   Yes ☐ No ☐

6. Have the provisions in the Use Contract regarding such payments been submitted to and approved by the Commissioner, and does the Use Contract contain a provision which requires the Counterparty, upon direction from the Commissioner, to take such actions and furnish such documents as the Commissioner determines to be necessary to ensure that the interest to be paid on the GO Bonds is exempt from federal taxation?

   (Such action may include: (i) compliance with proceedings intended to classify the GO Bonds as a "qualified bond" within the meaning of Internal Revenue Code (IRC) § 141(e) and 145, (ii) changing the nature and/or terms of the Use Contract so that it complies with Rev. Proc. 97-13, 1997-1 CB 632, or (iii) compliance with IRC provisions, regulations, or revenue procedures which amend or supersede the foregoing.)

   Yes ☐ No ☐ N/A ☐

   ∗ Section or paragraph numbers in the Use Contract that satisfy this requirement: ________________

IX. SALE OF THE FACILITY

A. Is the Use Contract free of any provisions which would require the Public Entity to sell the Facility for an amount less than the Fair Market Value if it is to be sold to a non-public entity?
(See Minn. Stat. § 16A.695 Subd. 3, and § 5.02(a) of the Commissioner's Order)

   Yes ☐ No ☐

   ∗ If the Use Contract contains any sale or option provisions, list the section or paragraph numbers in the Use Contract that contain such provisions: _______________

B. Is the Use Contract free of any provisions which would allow the Public Entity to sell the facility without the Public Entity first determining, by official action, that the Facility is no longer usable or needed to carry out the Governmental Program?
(See Minn. Stat. § 16A.695 Subd. 3, and § 5.02(a) of the Commissioner's Order)

   Yes ☐ No ☐

C. Is the Use Contract free of any provisions which would require the Public Entity to sell the Facility without first obtaining the written consent of the Commissioner?
(See Minn. Stat. § 16A.695 Subd. 3 and §§ 5.02(a) and 5.03(a) of the Commissioner's Order)

Yes ☐ No ☐

D. Is the Use Contract free of any provisions which would cause the manner of distribution of the proceeds of the sale to violate the provisions contained in the GO Compliance Bill and the Commissioner's Order?
(See Minn. Stat. § 16A.695 Subd. 3 and § 5.04 of the Commissioner's Order)

Yes ☐ No ☐

∗ If the Use Contract contains any provisions regarding the distribution of the proceeds of any sale, then list the section or paragraph numbers in the Use Contract that contain such provisions: ______________

X. REIMBURSEMENT TO COUNTERPARTY

Is the Use Contract free of provisions that would require the Public Entity to reimburse the Counterparty in an amount in excess of the Counterparty's investment in the land and capital improvements?
(See Minn. Stat. § 16A.695 Subd. 2(b))

Yes ☐ No ☐

∗ If the Use Contract contains any provisions regarding reimbursements to be made to the Counterparty, list the section or paragraph numbers in the Use Contract that contain such provisions: _______________

XI. COMMISSIONER'S APPROVAL OF ANY CHANGES, ADDITIONS OR MODIFICATIONS

Does the Use Contract contain a statement that any changes, additions or modifications of the Use Agreement must be agreed to, in writing, by the Commissioner?
(See Minn. Stat. § 16A.695 Subd. 2(b) and § 4.03(a) of the Commissioner's Order)

Yes ☐ No ☐

* Section or paragraph numbers in Use Contract that satisfy this requirement: ____________________

SUMMARY

Have all of the following questions contained herein been answered "Yes"?
(If the answer to this question is "No" then the Use Agreement is not acceptable in its submitted form. Please note that even if all of the following questions are answered "Yes", there still may be provisions contained in the submitted Use Agreement that may make it unacceptable to the Commissioner.) Yes ☐ No ☐

I.A ....Yes ☐ No ☐
I.B.............................Yes ☐ No ☐
II...............................Yes ☐ No ☐
III..............................Yes ☐ No ☐
IV ....Yes ☐ No ☐
V.A............................Yes ☐ No ☐
V.B ....Yes ☐ No ☐
V.C ....Yes ☐ No ☐
V.D............................Yes ☐ No ☐
V.E ....Yes ☐ No ☐
VI.A ....Yes ☐ No ☐
VI.B...........................Yes ☐ No ☐
VII ....Yes ☐ No ☐
VIII............................Yes ☐ No ☐
IX.A ....Yes ☐ No ☐
IX.B...........................Yes ☐ No ☐
IX.C...........................Yes ☐ No ☐

Preparation of Checklist

This G.O. Compliance Checklist for Use Contracts was prepared by or on the behalf of the Public Entity and is submitted to the Commissioner. By preparing and submitting this checklist to the Commissioner, the party that prepared this checklist on behalf of the Public Entity hereby certifies that the information contained in this checklist is true and correct and that it accurately reflects the contents of the referenced Use Contract.

PUBLIC ENTITY

____

Prepared by: ____________________________

Title: ____________________________

Date: ____________________________

Submittal of Use Contract to Commissioner

In addition to the requirements set forth above, the GO Compliance Bill and the Commissioner's Order require that all Use Contracts be submitted to the Commissioner for its review and approval. (See Minn. Stat. § 16A.695 Subd. 2(b) and § 4.03(a) if the Commissioner's Order.) In order to implement such requirement, the following information must be submitted to the Commissioner not less than sixty (60) days before the proposed execution of the Use Contract (See § 4.03(b) of the Commissioner's Order):

1. A statement describing, and providing the statutory citation for, the Governmental Program.
2. A statement identifying the statute under which the Public Entity is authorized and empowered to participate in the Governmental Program.
3. Counterparty's name, address, and its type of legal entity (e.g., city, county, HRA, PED, non-profit corporation, charitable corporation, etc.).
4. A description of the Counterparty's financial condition.
5. Reason for selection of the Counterparty.
6. A copy of the plan which the Counterparty will follow to implement its operation of the Facility.
7. A copy of the Counterparty's proposed budget for the operation and management of the Facility.
8. Any other information which the Counterparty believes would be helpful to the Commissioner in its review of the proposed Use Contract.

After the proposed Use Contract has been reviewed and approved by the state agency which will supply the proceeds of the GO Bonds to the Public Entity, the proposed Use Contract and the above listed information should be submitted directly to the Commissioner for his or her review and approval.

Compliance with
Minn. Stat. § 16B.335

If the transaction which is the subject of the Use Contract involves a grant of monies from the State of Minnesota, then the provisions contained in Minn. Stat. § 16B.335 may apply, and the parties to the transaction should be advised of such requirements.

FOR USE ONLY BY STATE OF MINNESOTA
This G.O. Compliance Checklist for Use Contracts was reviewed by the following individual: Name ____________________ Signature ____________________ Title ____________________ Department or Agency ____________________ Date ____________________

APPROVAL OF USE CONTRACT BY COMMISSIONER

Based upon the information contained in this G.O. Compliance Checklist for Use Contracts and the certification by the Public Entity that the information contained in this checklist is true and correct and that it accurately reflects the contents of the referenced Use Contract, the Commissioner consents to the use set forth in the referenced Use Contract.

COMMISSIONER OF MINNESOTA MANAGEMENT AND BUDGET

By: ______________________________

Date: ______________________________

Exhibit D

G. O. Compliance Checklist for
SALE OF G.O. BOND FINANCED PROPERTY

Development Name: ____________________________

Identity of Public Entity/Seller: ____________________________

Identity of Purchaser: ____________________________

Is the Purchaser a Public Officer or Agency? Yes ☐ No ☐

Is the Purchaser a State Department or Agency? Yes ☐ No ☐

Identification of Property: ____________________________

____

Sale Price: ____________________________

Amount of Original State Grant: ____________________________

Other Financing: Description and status of other financing used in conjunction with the acquisition, construction, and/or betterment of the Property:

Identity of Lender	Original Amount of Financing	Current Outstanding Balance
______________________	$____________________	$____________________
______________________	$____________________	$____________________
______________________	$____________________	$____________________
______________________	$____________________	$____________________
______________________	$____________________	$____________________

The following definitions apply for the purpose of this checklist:

Commissioner - means the Commissioner of Minnesota Management and Budget.

Commissioner's Order - means the "Third Order Amending Order of the Commissioner of Finance Relating to Use and Sale of State Bond Financed Property", dated August 26, 2010.

Department - means Minnesota Management and Budget.

GO Compliance Bill - means Minn. Stat. § 16A.695.

Property - means the real property and structures that are to be sold by the Public Entity/Seller.

Public Entity/Seller - means the public entity which owns and wants to sell the Property.

Requirements Imposed by the
GO Compliance Bill
and the
Commissioner's Order

The following delineates the requirements that must be satisfied before any property acquired, constructed, or bettered, in whole or in part, with the proceeds of state general obligation bonds can be sold. The following questions (i.e., requirements) must be answered "Yes" in order for the proposed sale to comply with all of the requirements under the GO Compliance Bill and the Commissioner's Order.

I. STATUTORY AUTHORITY FOR THE SALE

Property acquired, constructed, or bettered, in whole or in part, with the proceeds of state general obligation bonds may only be sold if the Public Entity/Seller has specific statutory authority (other than Minn. Stat. § 16A.695) for such sale, and the sale complies with all of the substantive and procedural provisions contained in such authorizing statute.

(See Minn. Stat. § 16A.695 Subd. 3 and Commissioner's Order § 5.01)

Are <u>both</u> of the following two provisions satisfied (i.e. both of the following two questions must be answered "Yes")? Yes ☐ No ☐

(i) Does the Public/Entity have specific statutory authority, other than Minn. Stat. § 16A.695, to sell the Property?

∗ State statute that grants such authority - Minn. Stat. § _______________

Yes ☐ No ☐

(ii) Does the proposed sale of the Property comply with all of the substantive and procedural provisions contained in the statute which authorizes the Public Entity/Seller to sell the Property (the statute cited in the immediately preceding question)?

Yes ☐ No ☐

II. OFFICIAL ACTIONS

Prior to the sale of property acquired, constructed, or bettered, in whole or in part, with the proceeds of state general obligation bonds, the Public Entity/Seller must determine by some form of official action that such property is no longer usable or needed to carry out the governmental purpose for which it was originally acquired, constructed, or bettered, and if such property is to be transferred to a public official or public agency, then such public official or public agency must determine by some form of official action that it needs such property for one of its governmental programs.

(See Minn. Stat. § 16A.695 Subd. 3 and §§ 5.02(a) and 5.02(d) of the Commissioner's Order)

Has the Public Entity/Seller, and, if applicable, Public Entity/Purchaser, supplied the Department with such official action(s)?
NOTE: A copy of such official action(s) must be attached to this checklist.

Yes ☐ No ☐

Does the form of official action supplied by the Public Entity/Seller contain a determination by the Public Entity/Seller that the Property is no longer usable or needed to carry out the governmental purpose for which it was originally acquired, constructed, or bettered?

Yes ☐ No ☐

If applicable, does the form of official action supplied by the Public Entity/Purchaser contain a determination by the Public Entity/Purchaser that it needs the Property for one of its governmental programs?

Yes ☐ No ☐

III. SALE PRICE

Property acquired, constructed, or bettered, in whole or in part, with the proceeds of state general obligation bonds which is sold to a non-public entity must be sold at fair market value established by either an appraisal or by way of a public bid procedure.
(See Minn. Stat. §§ 16A.695 Subds. 1(d) and 3 and Commissioner's Order §§ 2.06 and 5.02(a))

Is <u>one</u> of the following three provisions satisfied (one of the following three questions must be answered "Yes")?

Yes ☐ No ☐ N/A* ☐

(iii) Was the sale price for the Property established by an appraisal?
NOTE: A copy of the appraisal must be attached to this checklist.

Yes ☐ No ☐ N/A* ☐

(iv) Is the Property to be sold by way of a public bid procedure?

Yes ☐ No ☐ N/A* ☐

(v) Is the Property to be sold to a public officer or agency?

Yes ☐ No ☐ N/A ☐

SUMMARY

Have all of the above delineated provisions relating to the sale of the Property been complied with (i.e. have all applicable questions been answered "Yes")?
Yes ☐ No ☐

Submittal of Proposed Sale to the Commissioner for Approval

In addition to the requirements contained hereinabove, the GO Compliance Bill and the Commissioner's Order require that all sales of property acquired, constructed, or bettered, in whole or in part, with the proceeds of state general obligation bonds be submitted to the Commissioner for his/her review and approval (see Minn. Stat. § 16A.695 Subd. 3 and Commissioner's Order §§ 5.02 and 5.03(a)). In order to implement such requirement, the following information must be submitted to the Commissioner not less than 60 days before the Public Entity/Seller proposes to execute a purchase agreement for the sale of the Property (see Commissioner's Order § 5.03(b)):

Have all the following documents and information been supplied to the Department for its review?

1. A copy of the proposed purchase agreement.

   Yes ☐ No ☐ N/A* ☐

2. Citation of the state statute which authorizes the Public Entity/Seller to sell the Property.

   Yes ☐ No ☐ N/A* ☐

3. If known, the name, address, and description of the purchaser of the Property.

   Yes ☐ No ☐ N/A* ☐

4. A description of the proposed method of sale (negotiated sale, public bid process, etc.).

   Yes ☐ No ☐ N/A* ☐

5. The sales price and how it was or will be determined.

   Yes ☐ No ☐ N/A* ☐

6. Copies of any and all appraisals upon which the sale price of the Property is or will be based.

   Yes ☐ No ☐ N/A* ☐

7. Any and all other information relevant to the sale, or which the Public Entity/Seller believes will be helpful to the Commissioner.

   Yes ☐ No ☐ N/A* ☐

* "N/A" means not applicable.

Preparation of Checklist

This Requirements Imposed by the G.O. Compliance Checklist for the Sale of G.O. Property was prepared by and is submitted to the Commissioner by the Public Entity, and by preparing and submitting this checklist to the Commissioner, the Public Entity hereby certifies that the information contained in this checklist is true and correct and that it accurately reflects the terms and conditions of the referenced sale.

PUBLIC ENTITY

____

By: ______________________________

Its: ______________________________

Date: ______________________________

FOR USE ONLY BY STATE OF MINNESOTA	
This G.O. Compliance Checklist for Use Contracts was reviewed by the following individual:	
Name	____________________
Signature	____________________
Title	____________________
Department or Agency	____________________
Date	____________________

APPROVAL OF USE CONTRACT BY COMMISSIONER

Based upon the information contained in this G.O. Compliance Checklist for Sale of G.O. Property and the certification by the Public Entity that the information contained in this checklist is true and correct and that it accurately reflects the terms and conditions of the referenced sale, the Commissioner consents to such sale of G.O. Property.

COMMISSIONER OF MINNESOTA MANAGEMENT AND BUDGET

By: ____________________

Date: ____________________

Exhibit E

G. O. Compliance Checklist for
GROUND LEASE OR EASEMENT

Development Name: ____

Location of Development: ____

Identity of Lessor/Grantor: ____

Identity of Public Entity
(Lessee/Grantee): ____

Ground Lease/Easement: ____

All real property that is acquired or bettered with the proceeds of State of Minnesota general obligation bonds must be publicly owned. Such ownership may be by way of fee title, a long-term ground lease, or a long-term easement. This G.O. Compliance Checklist for Ground Leases and Easements is intended to merely be a mechanism to assist the Commissioner of Minnesota Management and Budget in his/her evaluation of an ownership interest that is created by way of long-term ground lease or easement, and for no other purpose.

The following definitions apply for the purpose of this checklist:

Commissioner - means the Commissioner of Minnesota Management and Budget or his or her designee.

Facility - means all structures that will be owned by the Lessor and leased to the Public Entity/Lessee under a long-term lease or which are owned by the Grantor and conveyed to the Public Entity/Grantee under a long-term easement.

GO Grant Agreement - means the General Obligation Grant Agreement under which the State Entity is providing the grant to the Public Entity.

Governmental Program - means a governmental program established or authorized by law and established by official action of Lessor, for which the Leased Premises will be used.

Ground Lease/Easement - means the ground lease of, or easement for, the Leased Premises under which the Public Entity acquires from the Lessor the right to use and operate the Leased Premises.

Leased Premises - means the Real Property and, if applicable, Facility that will be owned by the Lessor/Grantor and leased or conveyed by easement to the Public Entity under the Ground Lease/Easement.

Lessee/Grantee - means the Public Entity that will be the lessee/grantee of the Leased Premises under the Ground Lease/Easement.

Lessor/Grantor - means the entity that will be the fee owner and either the lessor or grantor of the Leased Premises.

Public Entity - means the public entity that will be the tenant/lessee or grantee under the Ground Lease/Easement.

Real Property - means all of the real estate that will be owned by the Lessor and leased or conveyed by easement to the Public Entity under the Ground Lease/Easement.

State Entity - means the state entity that is the issuer of the grant.

Ground Lease/Easement Provisions

The following sets forth the provisions that must be included in all ground leases and easements that are used to create the required ownership interest. All of the following questions (i.e., requirements) must be answered "Yes" in order for the ground lease or easement to be acceptable to Minnesota Management and Budget. "N/A" means not applicable.

I. RECIPIENT OF GRANT

Is the Lessee/Grantee the recipient of the grant from the State under the applicable bonding bill?

Yes ☐ No ☐

II. DESCRIPTION OF LEASED PREMISES

Does the Ground Lease/Easement clearly specify and describe the Leased Premises?

Yes ☐ No ☐

∗ Section or paragraph numbers in the Ground Lease/Easement that satisfy this requirement: ____________

III. LESSEE OR GRANTEE

Is the Public Entity the lessee or grantee under the Ground Lease/Easement?

Yes ☐ No ☐

IV. MODIFICATION/TERMINATION

Is the Ground Lease/Easement structured so that it cannot be modified, restated, amended, changed in any way, or prematurely terminated or cancelled without the prior written consent and authorization by the State Entity and the Commissioner?

Yes ☐ No ☐

* Section or paragraph numbers in the Ground Lease/Easement that satisfy this requirement: ___________________

V. TERM OF GROUND LEASE/EASEMENT

Is one of the following two provisions satisfied (i.e. one of the following two questions must be answered "Yes")?

Yes ☐ No ☐

A. If the Ground Lease/Easement is only for the Real Property, is the original term of the Ground Lease/Easement greater than 37.5 years, or such other period of time specifically authorized by a Minnesota statute, rule or session law?

Yes ☐ No ☐ N/A ☐

* Section or paragraph numbers in the Ground Lease/Easement that satisfy this requirement: ___________________

B. If the Ground Lease/Easement is for the Real Property and Facilities, is the original term of the Ground Lease/Easement greater than 125% of the useful life of the Facility, or such other period of time specifically authorized by a Minnesota statute, rule or session law?

Yes ☐ No ☐ N/A ☐

* Section or paragraph numbers in the Ground Lease/Easement that satisfy this requirement: ___________________

VI. PAYMENTS DUE UNDER GROUND LEASE/EASEMENT

Is the Ground Lease/Easement structured so that there are no payments due thereunder or that all payments due thereunder are due as a single lump sum on the date that the Ground Lease/Easement is first made and entered into?

Yes ☐ No ☐

* Section or paragraph numbers in the Ground Lease/Easement that satisfy this requirement: ___________________

VII. TERMINATION OF GROUND LEASE/EASEMENT

Is the Ground Lease/Easement structured so that it does not contain any requirements or obligations of the Public Entity that if not complied with could result in a termination of the Ground Lease/Easement?

Yes ☐ No ☐

NOTE: The Ground Lease/Easement may contain requirements and obligations to be complied with by the Public Entity, as long as the sole remedy for non-compliance by the Public Entity is an order for specific performance.

A. Do the provisions of the Ground Lease/Easement clearly allow and permit the Leased Premises to be used for the operation of the Governmental Program?

Yes ☐ No ☐

* Section or paragraph numbers in Ground Lease/Easement that satisfy this requirement: _______________

B. Is the Ground Lease/Easement structured so that it does not contain any provisions that would limit or impair the use of the Leased Premises for the operation of the Governmental Program?

Yes ☐ No ☐

VIII. LIENS AND ENCUMBRANCES

Is the Ground Lease/Easement structured so that it prohibits the Lessor/ Grantor from creating or allowing, without the prior written consent of both the State Entity and the Commissioner, any voluntary lien or encumbrance or involuntary lien or encumbrance that can be satisfied by the payment of monies and which is not being actively contested against the Leased Premises or the Lessor's/Grantor's interest in the Ground Lease/ Easement?

Yes ☐ No ☐

* Section or paragraph numbers in Ground Lease/Easement that satisfy this requirement: _______________

IX. USE RESTRICTIONS

Is one of the following two provisions satisfied (i.e., one of the following two questions must be answered "Yes")?
Yes ☐ No ☐

A. Is the Ground Lease/Easement free of any use restrictions?

Yes ☐ No ☐ N/A ☐

NOTE: Provisions that restrict any material changes to the physical characteristics of the Facility are acceptable and are not deemed to be a prohibited use restriction.

B. If the Ground Lease/Easement contains use restrictions, do the use restrictions only apply as long as the Public Entity is the Lessee/Grantee under the Ground Lease/Easement, and such use restrictions will terminate and not apply to any successor lessee/grantee who purchases the Public Entity's interest in the Ground Lease/Easement?

Yes ☐ No ☐ N/A ☐

NOTE: Provisions that restrict any material changes to the physical characteristics of the Facility are acceptable and are not deemed to be a prohibited use restriction.

* If the Ground Lease/Easement contains use restrictions, section or paragraph numbers in Ground Lease/Easement that satisfy this requirement: ________________

X. TRANSFER OF INTEREST

Does the Ground Lease/Easement allow for a transfer thereof in the event that the Lessee/Grantee makes the necessary determination to sell its interest therein, and allow such interest to be transferred to the purchaser of such interest?

Yes ☐ No ☐

* Section or paragraph numbers in Ground Lease/Easement that satisfy this requirement: ____________________

XI. ACKNOWLEDGEMENT OF GO GRANT AGREEMENT

Does the Ground Lease/Easement contain a provision acknowledging the existence of the GO Grant Agreement and stating that the terms, conditions and provisions of the GO Grant Agreement control over any inconsistent provisions in the Ground Lease/Easement?

Yes ☐ No ☐

* Section or paragraph numbers in Ground Lease/Easement that satisfy this requirement: _______________________

SUMMARY

Have all of the following questions contained herein been answered "Yes"? (If the answer to this question is "No" then the Ground Lease/Easement is not acceptable in its submitted form. Please note that even if all of the following questions are answered "Yes", there still may be provisions contained in the submitted Ground Lease/Easement that may make it unacceptable to the Commissioner.) Yes ☐ No ☐

I. ....Yes ☐ No ☐
II................................Yes ☐ No ☐
III...............................Yes ☐ No ☐
IV ....Yes ☐ No ☐
V................................Yes ☐ No ☐
VI. ....Yes ☐ No ☐
VII. ....Yes ☐ No ☐
VII.A ....Yes ☐ No ☐
VII.B ....Yes ☐ No ☐

VIII.............................	Yes	☐	No	☐
IX	Yes	☐	No	☐
X.................................	Yes	☐	No	☐
XI	Yes	☐	No	☐

Preparation of Checklist

This G.O. Compliance Checklist for Ground Lease or Easement was prepared by and is submitted to the Commissioner by the Public Entity, and by preparing and submitting this checklist to the Commissioner, the Public Entity hereby certifies that the information contained in this checklist is true and correct and that it accurately reflects the contents of the referenced Ground Lease/Easement.

PUBLIC ENTITY

____

By: ______________________________

Its: ______________________________

Date: _____________________________

FOR USE ONLY BY STATE OF MINNESOTA
This G.O. Compliance Checklist for Use Contracts was reviewed by the following individual: Name ____________________________________ Signature ____________________________________ Title ____________________________________ Department or Agency ____________________________________ Date ____________________________________

APPROVAL OF USE CONTRACT BY COMMISSIONER

Based upon the information contained in this G.O. Compliance Checklist for Ground Lease and Easement and the certification by the Public Entity that the information contained in this checklist is true and correct and that it accurately reflects the contents of the referenced Ground Lease/Easement, the Commissioner consents to the use set forth in the referenced Ground Lease/Easement.

COMMISSIONER OF MINNESOTA MANAGEMENT AND BUDGET

By: ________________________________

Date: ________________________________