CONTRACT FOR JOINT AND COOPERATIVE FUNDING OF CERTAIN TRANSIT PROJECTS

THIS JOINT POWERS AGREEMENT is entered into by and between the county of Hennepin, the county of Ramsey, the Hennepin County Regional Railroad Authority and the Ramsey County Regional Railroad Authority, individually a "Party," or collectively the "Parties," by and through their respective governing bodies pursuant to the authority contained in Minnesota Statutes Sections 471.59 and 297A.993 and any other applicable law. This Agreement shall be effective on the latter of (1) execution by all parties, or (2) such time as Hennepin County and Ramsey County are no longer participating in the Counties Transit Improvement Board, and shall continue until terminated as provided herein.

R E C I T A L S

WHEREAS, the Minnesota Legislature has, by Minnesota Statutes Section 297A.993 (the "Act"), authorized counties to impose up to a one-half percent sales and use tax, and an excise tax of $20 per motor vehicle purchased or acquired from any person engaged in the business of selling motor vehicles at retail ("Sales Tax"); and

WHEREAS, the Act further authorizes two or more counties to exercise their authority jointly under a contractual joint powers agreement; and

WHEREAS, the Parties are committed to the development of a system of transitways to better serve the residents and businesses of the Twin Cities Metropolitan Area and to efficiently move people and goods throughout the region, including the Lines To Be Constructed (as defined herein); and

WHEREAS, the Parties wish to collaborate or act jointly as provided herein; and

WHEREAS, the Parties acknowledge that the mutual promises and agreements in this Agreement require an enforceable long-term contractual commitment by each Party to the extent provided herein to assure that the Contractually Enforceable Project Obligations (as defined herein) are met, that appropriate financing can be obtained, and that projects will maximize eligibility for matching federal funds.

NOW, THEREFORE, in consideration of the mutual promises and benefits that each party shall derive herefrom, the Parties agree as follows:

ARTICLE I. PURPOSE

The purpose of this Agreement is to facilitate and ensure, through legally enforceable long-term contractual guarantees, funding by the Parties for the construction and/or operation of certain transitway improvements funded primarily by the Sales Tax, to the extent provided herein. In addition to matters specifically addressed herein, this Agreement authorizes such additional legally permissible joint or cooperative activities as the Parties may mutually deem useful or necessary in furtherance of the purposes herein, including but not limited to project or fiscal oversight, sharing of information, sharing of staff, services or technology, coordinated or combined grant agreements, retention of consultants, and advocacy efforts.

ARTICLE II. DEFINITIONS

The following definitions shall apply to this Agreement:

“Agreement” shall mean this contract.

“Blue Line Extension” shall mean the extension of a light rail transit (“LRT”) line known as the METRO Blue Line. The extension will run from Target Field Station in downtown Minneapolis through the cities of Minneapolis, Golden Valley, Robbinsdale, Crystal, and Brooklyn Park along a route defined in the Record of Decision of the Federal Transit Administration approving the Final Environmental Impact Statement.

“Contractually Enforceable Project Obligations” shall mean the obligations contractually enforceable by this Agreement for (1) Hennepin County to pay the Hennepin County Share of Net Operating Costs; (2) Hennepin County to pay the Hennepin County Share of Riverview Project Capital Costs; (3) HCRRA to pay the HCRRA Share of Riverview Project Capital Costs; (4) Ramsey County to pay the Ramsey County Share of Net Operating Costs; (5) Ramsey County to pay the Ramsey County Share of Riverview Project Capital Costs; and (6) RCRRA to pay the RCRRA Share of Riverview Project Capital Costs. The obligations shall be among and between only the Parties hereto, and shall be enforceable only by the Parties.

“Counties Transit Improvement Board” shall mean that joint powers board established pursuant to Minnesota Statutes Section 297A.992.

“FTA” shall mean the Federal Transit Administration, or any successor or substitute entity with responsibility or authority for providing Federal funding for transit lines.

“Gateway Corridor” shall mean that certain transitway project commonly referred to as the Gateway Corridor, also referred to as METRO Gold Line, that is currently anticipated to run next to Interstate 94 for 9 miles between the Union Depot in downtown Saint Paul and the cities of Maplewood, Landfall, Oakdale and Woodbury in Washington County, as the mode and route continue to be studied and finalized through environmental review and approvals.

“Green Line” shall mean the light rail transit line currently operated by the Metropolitan Council between the Union Depot in St. Paul and Target Field Station in Minneapolis.

“Green Line Extension” shall mean the extension of the Green Line. The extension will run from Target Field in downtown Minneapolis through the cities of Minneapolis, St. Louis Park, Hopkins, Minnetonka, and Eden Prairie along a route defined in the Record of Decision of the Federal Transit Administration approving the Final Environmental Impact Statement.

“Hennepin County” or “Hennepin” shall mean the County of Hennepin, a county established under and governed by the laws of the State of Minnesota.

“Hennepin County Regional Railroad Authority” or **“HCRRA”** shall mean the regional railroad authority in Hennepin County established pursuant to Minnesota Statutes Chapter 398A.

“Hennepin County Share of Net Operating Costs” shall mean 60 percent of Net Operating Costs of the Green Line and 30 percent of Net Operating Costs of the Riverview Line. To the extent that Net Operating Costs cannot be reasonably segregated by lines, Hennepin County and Ramsey County agree to reach a formula that accurately reflects this proportional split.

“Hennepin County Share of Riverview Project Capital Costs” shall mean an aggregate 30 percent of 41 percent of the Riverview Project Capital Costs, including 30 percent of 80 percent of the Riverview Project Capital Costs contributed during the project development and engineering phases.

“HCRRA Share of Riverview Project Capital Costs” shall mean 30 percent of an aggregate 10 percent of the Riverview Project Capital Costs, including 30 percent of 20 percent of the Riverview Project Capital Costs contributed during the project development and engineering phases.

“Lines To Be Constructed” shall mean the Green Line Extension, the Blue Line Extension, the Riverview Line, the Orange Line, the Rush Line and the Gateway Corridor.

“Metropolitan Council” shall mean the entity established as a public corporation and political subdivision of the state by Chapter 473 of Minnesota Statutes, or any successor entity with responsibility for constructing or operating the Green Line and/or the Riverview Line.

“Net Operating Costs” shall mean the CTIB Share as defined in Exhibit A, which CTIB Share is being assumed by counties pursuant to CTIB Resolution No.32-2107. If Hennepin County and Ramsey County agree in writing with the Metropolitan Council on an alternative method of calculating Net Operating Costs or paying for Net Operating Costs, such alternative method shall prevail in lieu of the definitions herein.

“Orange Line” shall mean that certain proposed transitway project commonly referred to as the I-35W South BRT (METRO Orange Line) project which is a 17-mile highway BRT corridor between Minneapolis and Burnsville.

“Ramsey County” or “Ramsey” shall mean the County of Ramsey, a county established under and governed by the laws of the State of Minnesota.

“Ramsey County Regional Railroad Authority” or **“RCRRA”** shall mean the regional railroad authority in Ramsey County established pursuant to Minnesota Statutes Chapter 398A.

“Ramsey County Share of Net Operating Costs” shall mean 40 percent of the Net Operating Costs of the Green Line and 70 percent of the Net Operating Costs of the

Riverview Line. To the extent that Net Operating Costs cannot be reasonably segregated by lines, Hennepin County and Ramsey County agree to reach a formula that accurately reflects this proportional split.

"Ramsey County Share of Riverview Project Capital Costs" shall mean an aggregate 70 percent of 41 percent of the Riverview Project Capital Costs, including 70 percent of 80 percent of the Riverview Project Capital Costs contributed during the project development and engineering phases; provided that if the interest rate on debt incurred for such purposes exceeds 4.5 percent, Hennepin County shall reimburse Ramsey County on an annual basis for half of the marginal interest amount above 4.5 percent, and if the interest rate on debt incurred for such purposes is less than 4.5 percent, Ramsey County shall reimburse Hennepin County on an annual basis for half of the marginal amount below 4.5 percent.

"RCRRA Share of Riverview Project Capital Costs" shall mean an aggregate 70 percent of 10 percent of the Riverview Project Capital Costs, including 70 percent of 20 percent of the Riverview Project Capital Costs contributed during the project development and engineering phases.

"Riverview Line" shall mean the Riverview Project, once constructed and in revenue service.

"Riverview Project" shall mean the transit project that is currently anticipated to connect the Union Depot in Ramsey County to the Mall of America in Hennepin County, as the mode and route continue to be studied and finalized through environmental review and approvals.

"Riverview Project Capital Costs" shall mean those capital costs as defined by the Metropolitan Council and the FTA as necessary for (1) the project development and engineering phases of the Riverview Project, and for (2) the construction phase of the Riverview Project if the Riverview Project receives a full funding grant agreement from the FTA. If the FTA or other entity of appropriate jurisdiction changes the nomenclature for the phases of projects, the Parties will equitably adjust this Agreement to conform to the new phases.

"Rush Line" shall mean that certain transitway project commonly referred to as the Rush Line Corridor, that is currently anticipated to run on city streets, the Ramsey County Regional Railroad Authority owned corridor and Trunk Highway 61 between the Union Depot in downtown Saint Paul and the cities of Maplewood, Vadnais Heights, Gem Lake and White Bear Lake in Ramsey County, as the mode and route continue to be studied and finalized through environmental review and approvals.

"Sales Tax" means the sales and use tax, and an excise tax of $20 per motor vehicle purchased or acquired from any person engaged in the business of selling motor vehicles at retail, authorized under Minnesota Statutes Section 297A.993.

ARTICLE III. OBLIGATIONS OF PARTIES

1. Except to the extent provided in Article III, Section 3, the Parties agree to timely meet the Contractually Enforceable Project Obligations. Notwithstanding any other provision of this Agreement, Hennepin County and HCRRA, and Ramsey

County and RCRRA, may in their sole discretion finance or meet each other's respective obligations.

2. Party Actions Necessary To Ensure Contractually Enforceable Project Obligations. Except to the extent provided in Article III, Section 3, the Parties agree to the following to ensure that the Contractually Enforceable Project Obligations are met:

   (a) The Parties agree to timely execute and fulfill grant or other funding agreements with the Metropolitan Council through annual appropriations as are necessary to govern such payments.

   (b) Hennepin County and Ramsey County agree to include, and continue the inclusion of, the Green Line, the Riverview Project and the Riverview Line in their respective Transportation Plans as provided in Minnesota Statutes Section 297A.993 until such time as their obligations under this Agreement for each are fulfilled or are revised by mutual agreement.

   (c) Each Party agrees to impose and continue in effect the taxes necessary under Minnesota Statutes Section 297A.993 and Minnesota Statutes Chapter 398A to pay for its respective Contractually Enforceable Project Obligations unless the Party has provided assurances satisfactory to the other Parties of alternative funding for its performance of its Contractually Enforceable Project Obligations.

   (d) The Parties agree to take such other actions as are necessary and appropriate to assure that they timely perform their respective Contractually Guaranteed Enforceable Obligations, including but not limited to issuing and servicing debt or other financial instruments as determined by such Party to be necessary to the fulfillment of its Contractually Enforceable Project Obligations.

3. (a) Events Triggering the Consideration of Adjustments. Without limiting the applicability of Article III, Section 3(b), the Parties understand and acknowledge that many factors that determine the funding of, and responsibility for, transit projects change over time due to changes in state or federal laws and regulations or other factors outside the control of the Parties. Without affecting the enforceability of the current terms of this Agreement, the Parties agree to meet as necessary, confer in good faith, and consider such mutually-acceptable adjustments as are necessary and appropriate to continue to achieve the purposes of this Agreement as provided in Article I and to perform their respective Contractually Enforceable Project Obligations.

   (b) Events Triggering Requirement of Mutually Acceptable Modifications to Agreement. The Parties agree that the following events are each of such a substantial nature as to require the Parties to come to mutually acceptable modifications to the Agreement:

   (1) a change to Minnesota Statutes 297A.993 or the taxing authority in Minnesota Statutes Chapter 398A, or their equivalent as such statutes may be amended, that materially affects the ability of one or more of the Parties to

raise revenues or finance such Party's Contractually Enforceable Project Obligations;

(2) a material and persistent shortfall in forecasted revenues from the taxes imposed under Minnesota Statutes Section 297A.993;

(3) failure of the FTA to provide a Full Funding Grant Agreement for any of the Lines To Be Constructed, or a material deviation from the expected federal share of capital costs, which expected federal share shall be: Green Line Extension – 50 percent; Blue Line Extension – 49 percent; Riverview Line – 49 percent; Orange Line – 50 percent; Rush Line – 50 percent; and Gateway Corridor – 45 percent;

(4) failure to proceed with any of the Lines To Be Constructed, or if the mode as selected and finalized through the pre-project development process, environmental reviews and approval, or otherwise, is different than the following: Green Line Extension – rail; Blue Line Extension – rail; Riverview Line – rail; Orange Line – bus rapid transit; Rush Line – bus rapid transit; and Gateway Corridor – bus rapid transit.

ARTICLE IV. TERMINATION

This Agreement does not terminate until such time as all of the Contractually Enforceable Project Obligations are fulfilled to the extent provided herein, or as the Parties may mutually agree. Termination shall not discharge any liability incurred by the Parties to each other under this Agreement during the term of this Agreement except as the Parties may mutually agree.

ARTICLE V. NOTICES

For purposes of delivery of any notices to the Parties hereunder, the notice shall be effective if delivered in writing to:

Hennepin County:
County Administrator
A2300 Hennepin County Government Center
300 South 6th Street Minneapolis, MN 55487

With a copy to:
Director, Community Works
701 Fourth Avenue S, Suite 400
Minneapolis, MN 55415

Ramsey County:
County Manager
15 Kellogg Boulevard W, Suite 250
St. Paul, MN 55102

HCRRA:
Executive Director of HCRRA
A2300 Hennepin County Government Center
300 South 6th Street Minneapolis, MN 55487

With a copy to:
Director, Community Works
701 Fourth Avenue S, Suite 400
Minneapolis, MN 55415

RCRRA:
Director
Union Depot, Suite 200
214 4th Street East
St. Paul, MN 55101

ARTICLE VI. MISCELLANEOUS

1. Recitals. The recitals at the beginning of this Agreement are incorporated into the Agreement's terms as if fully set forth herein.

2. Liability. Each Party agrees that it will be responsible for its own acts and omissions, the acts and omissions of its commissioners, officers and employees and any liability resulting therefrom to the extent authorized by law. No Party shall be responsible for the acts of the other Parties and the results thereof. Nothing herein contained shall constitute a partnership between or joint venture by the parties hereto or constitute any party the agent of the others. No Party shall hold itself out contrary to the terms of this Agreement and no Party shall become liable by any representation, act or omission of the other contrary to the provisions hereof. This Agreement is not for the benefit of any third party and shall not be deemed to give any right or remedy to any such party whether referred to herein.

3. Successors and Assigns. Each Party binds itself, its partners, successors, assigns and legal representatives to the other Party for all covenants, agreements and obligations contained in this Agreement; provided further that no Party may assign this Agreement without the prior written consent of the other Parties.

4. Non-Waiver. One or more waivers by one Party of any provision, term, condition or covenant of this Agreement shall not be construed by any other Party as a waiver of a subsequent breach of the same by any other Party, or as a waiver of any other provision of this Agreement.

5. Governing Law. This Agreement is entered into under the laws of the State of Minnesota and federal laws, and shall be interpreted in accordance with those laws.

6. Amendments. This Agreement may be amended only by unanimous agreement of the Parties as evidenced by resolutions adopted by their respective governing bodies.

7. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

8. Severability. The provisions of this Agreement are severable. If any paragraph, section, subdivision, sentence, clause, or phrase of the Agreement is for any reason held to be contrary to law, or contrary to any rule or regulation having the force and effect of law, such decision shall not affect the remaining portions of this Agreement unless such severance would manifestly interfere with the intent of the Parties such that one or more Parties is inequitably left with obligations inconsistent with the Parties' intent.

9. Entire Agreement. With respect to the matters covered herein, this Agreement constitutes the entire agreement between the Parties and supersedes all prior written or oral agreements relating to the matters covered herein.

10. Alternative Dispute Resolution In the event of a dispute arising under this Agreement, the Parties agree to attempt to resolve the dispute by following the process described below:

A. A Party shall provide written notice to the other Parties describing the perceived conflict, positions and underlying reasons.

B. The other Parties shall provide written response to the notice within 7 days of receipt of notice.

C. The Parties shall meet within 14 days of receipt of response with a neutral facilitator. The neutral facilitator will be a representative from the Minnesota Office of Dispute Resolution or a comparable office as mutually agreed by the Parties. Costs of such facilitator shall be shared equally by all parties to the dispute.

D. At the first meeting, the neutral facilitator will assist the parties in identifying the appropriate parties and participants in the dispute resolution process, their concerns, a meeting agenda and design for any subsequent meetings. The Parties shall agree on a process for resolving the problem that would involve additional negotiations, mediation or arbitration.

E. In developing the process, the Parties will be guided by the following principles:

1) The Parties will attempt in good faith to reach a negotiated settlement.

2) The Parties agree that there must be fair representation of the parties directly involved in the dispute.

3) The Parties will use legal proceedings as a last resort.

4) In the event the Parties are unable to resolve the dispute, each Party retains all rights, remedies (including specific performance) or defenses it had prior to entering the process, except that each Party shall be responsible for its own attorney's fees and costs.

The remainder of this page is intentionally left blank.

IN WITNESS WHEREOF, the parties to this Agreement have hereunto set their hands on the date written below:

HENNEPIN COUNTY

Reviewed by the County
Attorney's Office

____

Date: _______________________________

Chair:

____

Date: _______________________________

HENNEPIN COUNTY REGIONAL
RAILROAD AUTHORITY

Reviewed by the County
Attorney's Office

____

Date: _______________________________

Chair:

____

Date: _______________________________

RAMSEY COUNTY, MINNESOTA

____
Victoria Reinhardt, Chair
Ramsey County Board of Commissioners

Date: ______________________________

____
Janet Guthrie, Chief Clerk
Ramsey County Board of Commissioners

Date: ______________________________

Approval recommended

____
Heather Worthington
Deputy County Manager

Date: ______________________________

Approved as to form

____
Assistant Ramsey County Attorney

Date: ______________________________

RAMSEY COUNTY
REGIONAL RAILROAD AUTHORITY

____
Rafael E. Ortega, Chair

Date: ______________________________

Approval recommended

____
Heather Worthington, Interim Director

Date: ______________________________

Approved as to form

____
Assistant Ramsey County Attorney

Date: ______________________________

EXHIBIT A

ESTABLISHING THE CTIB SHARE FOR TRANSITWAY OPERATING SUBSIDY

The Counties Transit Improvement Board (the “Board”) has under consideration the dissolution of the joint powers agreement that is currently in place. A requirement of the Board’s action on dissolution is to have its current funding commitments assumed by individual county members in whole or in part. Certain of the funding commitments provide payment by the Board of a share of the net operating cost for the currently operating lines, including: Blue Line LRT, Green Line LRT, the Northstar Commuter Rail, and the Red Line BRT. Funding commitments for future lines include: SWLRT, Bottineau LRT, and Orange Line BRT. This term sheet describes the provisions related to payment of the CTIB Share in 2018 and beyond for operating transitways, It will further provide the basis for establishing the CTIB Share for future lines when operations commence.

This Term Sheet is summary in nature and not intended to be a complete statement of the terms of the intended agreement/s among the parties. The parties to the agreement or agreements referred to in the Term Sheet include the Metropolitan Council as recipient of the funds described and the following counties:

Blue Line LRT	Hennepin County
Green Line LRT	Hennepin County & Ramsey County
Northstar Commuter Rail	Anoka County & Hennepin County

This term sheet acknowledges that the Metropolitan Council has agreed to pay 100 percent of the Net Operating Costs of the METRO Red Line BRT, and that there will be no agreement between Dakota County and the Metropolitan Council for the CTIB Share of those costs.

<u>Term of Agreement</u>
The agreement will apply to Net Operating Cost incurred beginning January 1, 2018 and ending December 31, 2022, and will automatically renew for consecutive five-year periods, as amended from time to time, unless otherwise agreed to by the parties or as provided for under “Termination” herein.

<u>Definitions</u>
Net Operating Cost, Operating Revenue and Operating Expense will have the same meaning as in the current Master Operations Funding Agreement. Relevant sections of the Master Operations Funding Agreement are reproduced below for ease of reference:

<u>Net Operating Cost or Net Operating Costs</u> shall be defined as the Operating Costs attributable by Council to a Grant Period less Operating Revenues. Net Operating Costs, defined herein and applicable to this Agreement, shall be derived in a manner consistent with the system of accountability agreed to by the Parties in this Agreement.

Operating Costs means the costs of operating a Transitway Service. This includes direct costs attributable to Transitway Service operations and indirect costs attributable to Transitway Service as follows:
a. Federal A-87 Support Service Allocation: The Federal Transit Administration ('FTA') has established federal guidelines that allow support services that cannot be charged directly to be allocated between operating and capital operations per OMB Circular 122 Section A-87.
b. Modal Allocation: The Metro Transit Modal Allocation is for joint operating expenses of Metro Transit that support both bus and rail operations, but not capital expenditures. These joint operating expenses are not included in the Federal A-87 Support Service Allocation per federal guidelines, as they only support operational needs.
c. Metropolitan Council Allocation: The Metropolitan Council provides support services for all operations within the metropolitan Council. These support services are allocated to each Council Operating Unit.
d. Contracted Services Overhead Allocation: The Metropolitan Transportation Services department supports contracted Transitway Service operations. These overhead costs are incurred for the administration of contracts with external providers.
The parties agree that the definition of Operating Costs does not include life cycle capital replacement needs, including rolling stock.

Operating Revenue means revenues reasonably attributable or allocable to a Transitway Service for a Grant Period, including but not limited to:
a. Revenues attributable by Council, in consultation with Board, to operation of Transitway Service, including but not limited to passenger fares, auxiliary revenue such as advertising, metropolitan Airports Commission Service Revenue, and other miscellaneous revenues such as interest income;
b. Any and all federal funds or other applicable funding sources or revenues available to Council that are specifically designated for operation of Transitway Service;
c. Any and all federal funds or other applicable funding sources or revenues allocated by Council, in consultation with Board, for operation of Transitway Service.

If significant specially designated revenues for operations of Transitway Service are received from the State Legislature, the Parties agree to meet and determine the impacts on Operating Revenues and Net Operating Costs.

Proportionate Share of Shared Use Facility Costs means the allocation of Operating Costs of major shared use transitway station facilities, including park and ride facilities that serve express bus routes, according to the following methodologies:

a. For Rail/Bus Shared Use Facilities: Operating Costs shall be allocated to each respective mode using a weighted formula, with a 50 percent weight given to ridership for each route using the facility, and a 50 percent weight given to the number of scheduled trips for each route using the facility.
b. For BRT/Bus Shared Use Facilities: Operating Costs shall be allocated to each respective mode based on the number of scheduled trips for each route using the facility.

The Proportionate Share of Shared Use Facility Costs will be calculated for the 2018 Base Share amount, and then recalculated every three years on the facilities agreed to for each individual corridor.

Transitway Service means the operation of a light rail transit, commuter rail transit, or bus rapid transit line, currently including the Hiawatha light rail transitway (operating as the METRO Blue Line), the Central Corridor light rail transitway (operating as the METRO Green Line), the Northstar commuter rail transitway. Transitway Service does not include the operation of Arterial bus rapid transit, regular route bus, express bus, Metro Mobility or any other transit services.

Supplanting Prohibited

Funds provided under the agreement or agreements must supplement, and not supplant, state, federal or other sources of assistance available and such sources may not be diverted to maximize county contributions. Funds provided may only be used to pay Operating Costs of Transitway Service, and may not be used pay the cost of any non-Transitway Service directly or indirectly.

Source of Funding

Unless otherwise determined at the sole discretion of each county, the source of funding is taxes imposed under 297A.993. Payment in any year is subject to annual appropriation of each county.

CTIB Share

The CTIB Share of Operating Costs in any year will be the sum of the Base Share and the Non-Annual Share.

Base Share

The Base Share is for annual Operating Costs incurred for the normal day to day operations of Transitway Service. These costs can include:

- Labor and Benefits
- Contracted Services including Professional and Technical Services
- Materials, Parts and Supplies including Fuel, Repair Parts and Repair Supplies
- Other Expenses including Utilities, Insurance, Leases and Rentals, Advertising, Training
- Allocated Expenses including Modal Allocations, A-87 Federal Allocations, Metropolitan Council Allocations, Contracted Service Allocations

The CTIB Base Share will be the following amounts in 2018, increased by 3.15% in each year thereafter, unless adjusted from time to time as specified herein.

METRO Blue Line/Green Line LRT*	$ 25,051,223 [placeholder]
Northstar Commuter Rail	$ 7,127,181

*Note: The LRT Base Share will be adjusted to account for the Proportionate Share of Shared Use Facility Costs at the Mall of America Station.

Non-Annual Share

Some Operating Costs do not occur annually, but rather are scheduled programs that are necessary to maintain the normal operation of the Transitway Service. An amount for non-annual Operating Costs (the “Non-Annual Share”) will be included in the annual CTIB Share and accounted for separately. These costs can include:

- Labor Training costs for Rail Overhaul Programs
- Rail Grinding Program
- Station Rehabilitation Programs – BRT or Rail
- Tile Grouting

The Non-Annual Share will be the following amounts in 2018, increased by 3.15% in each year thereafter, unless adjusted from time to time as specified herein.

METRO LRT Operations	$ 750,000
Northstar Commuter Rail	$ 150,000

Expenditure of amounts on deposit in the account for the Non-Annual Share will be subject to review and reconciliation by the contributing counties and specifically budgeted as such by Metropolitan Council prior to the expenditure. In the event amounts on deposit in the account for the Non-Annual Share accumulate to an amount in excess of twice the annual contribution amount at the end of any given year, the amount of such excess will be distributed back to the county, or proportionately to the counties, that provided funding for the year just ended. In the event, there is a scheduled, non-annual Operating Cost planned for a Transitway Service that exceeds the yearly contribution amount for the Non-Annual Share, the parties agree to discuss a potential adjustment to the Non-Annual Share.

Annual True-up of Base Share

Year-End Operations and Financial Report. On or about July 15 of each year, Council shall present to County/ies for its review and comment an audited year-end operations and financial report ("Year-end Operations and Financial Report") for the prior calendar year. This prior year audited Year-end Operations and Financial Report will be presented on or about July 15th of each subsequent calendar year and will include variances for actual versus budget revenue and expense financial results.

Reconciliation/Surplus Monies. Within thirty (30) days of publication of Council's annual Certified Financial Report, any surplus moneys provided to Council by County/ies for Transitway Services and any interest earnings generated by County's/ies' contribution to Council of funds shall be returned to County/ies in proportion to the contributions of County/ies upon completion of operations authorized by an Operating Agreement. If the Operating Agreement is terminated for any reason and any balance remains after all operating costs are paid, said balance will be owed to County/ies within thirty (30) days of publication of Council's annual Certified Financial Report.

Manner of Payment

Each calendar year beginning January 1, 2018, the Metropolitan Council shall invoice the counties on a quarterly basis, and the counties shall make equal quarterly payments in February, May, August, and November.

Separate Accounts

Payments received as and expenses charged against the Base Share will be accounted for separately from payments received as and expenses charged against the Non-Annual Share.

Budgeting and Reporting

The agreement or agreements may include budgeting and reporting information similar to that described in the Master Operating Agreement Section 5, or as agreed to by the parties. The parties agree to meet at least annually to review the annual budget and expenditures of the Base Share and the Non-Annual Share.

Service Levels

The Metropolitan Council will not make decisions about material service changes and frequency levels without due regard for, and the timely involvement (at least 60 days) of, the counties paying for the operating subsidies for such service.

Reopening Conditions

The intent of the parties is to provide a more streamlined, predictable method of providing the subsidy; however, all parties realize that there is no way to anticipate all future circumstances and agree that there may be a need to make adjustments from time to time. Any party may request consideration of specific circumstances; however, the following items will be cause for reopening terms of the agreement.

a. A significant change to Operating Revenues, including but not limited to a fare increase.
b. A material service change is proposed that results in 25% or more change in daily in-service hours of a Transitway Service.
c. A new Transitway Service commences operations, for the purposes of establishing the Base Share and Non-Annual Share for the new Transitway Service.
d. An extension to an existing Transitway Service or the addition of a new station on an existing Transitway Service.
e. The Legislature modifies the Section 297A.993 sales tax base.
f. An unforeseen circumstance occurs that results in significant on-going costs to the Transitway Service.

Termination of the Agreement

The agreement or agreements are subject to termination in the event:

a. A transitway ceases to operate
b. Legislature eliminates the Section 297A.993 sales tax or restricts its use to preclude payment under the agreement/s
c. The parties agree to terminate the agreement