

Extract of Minutes of Meeting  
of the City Council of the City of  
Grand Rapids, Itasca County, Minnesota

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Grand Rapids, Minnesota, was duly held at the City Hall of the City on Monday, October 23, 2023, commencing at 5:00 p.m.

The following members were present:

and the following were absent:

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The Mayor announced that the next order of business was consideration of the proposals which had been received for the purchase of the City's (Public Utilities Commission) General Obligation Utility Revenue Bonds, Series 2023B, to be issued in the original aggregate principal amount of \$4,755,000.

The City Administrator presented a tabulation of the proposals that had been received in the manner specified in the Official Terms of Proposal for the Bonds. The proposals were as set forth in **Exhibit A** attached.

After due consideration of the proposals, Member \_\_\_\_\_ then introduced the following resolution and moved its adoption:

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION AWARDED THE SALE OF GENERAL OBLIGATION UTILITY REVENUE BONDS, SERIES 2023B (PUBLIC UTILITIES COMMISSION), IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,755,000; FIXING THEIR FORM AND SPECIFICATIONS; DIRECTING THEIR EXECUTION AND DELIVERY; AND PROVIDING FOR THEIR PAYMENT**

BE IT RESOLVED By the City Council (the “Council”) of the City of Grand Rapids, Itasca County, Minnesota (the “City”), as follows:

Section 1. Sale of Bonds.

1.01. Water Revenue Bonds.

(a) The City engineer has recommended the construction of various improvements to the City’s water system, including the Sylvan Bay and industrial park area water improvements (the “Water Improvements”) which facilities the City has constructed, owns, and operates through its Public Utilities Commission (the “Commission”).

(b) It is necessary and expedient to the sound financial management of the affairs of the City to issue general obligation bonds in the aggregate principal amount of \$\_\_\_\_\_ (the “Water Revenue Bonds”), pursuant to Minnesota Statutes, Chapters 444 and 475, as amended (the “Water Revenue Act”), to provide financing for the Water Improvements.

1.02. Wastewater Revenue Bonds.

(a) The City engineer has recommended the construction of various improvements to the City’s wastewater system, including the Sylvan Bay and industrial park area wastewater improvements (the “Wastewater Improvements”) which facilities the City has constructed, owns, and operates through its Commission.

(b) It is necessary and expedient to the sound financial management of the affairs of the City and the Commission to issue general obligation bonds in the aggregate principal amount of \$\_\_\_\_\_ (the “Wastewater Revenue Bonds”), pursuant to Minnesota Statutes, Chapters 444 and 475, as amended (collectively, the “Wastewater Revenue Act”), to provide financing for the Wastewater Improvements.

1.03. Issuance of General Obligation Bonds.

(a) The Council finds it necessary and expedient to the sound financial management of the affairs of the City to issue its General Obligation Utility Revenue Bonds, Series 2023B (Public Utilities Commission) (the “Bonds”), in the original aggregate principal amount of \$4,755,000, pursuant to the Water Revenue Act and the Wastewater Revenue Act (together, the “Act”), to finance the Water Improvements and the Wastewater Improvements.

(b) The City is authorized by Section 475.60, subdivision 2(9) of the Act to negotiate the sale of the Bonds, it being determined that the City has retained an independent municipal advisor in connection

with such sale. The actions of the City staff and municipal advisor in negotiating the sale of the Bonds are ratified and confirmed in all aspects.

1.04. Award to the Purchaser and Interest Rates. The proposal of \_\_\_\_\_, \_\_\_\_\_ (the “Purchaser”), to purchase the Bonds is hereby found and determined to be a reasonable offer and is hereby accepted, the proposal being to purchase the Bonds at a price of \$\_\_\_\_\_ (the par amount of \$4,755,000, plus [a/an] [net] original issue [premium][discount] of \$\_\_\_\_\_, and less an underwriter’s discount in the amount of \$\_\_\_\_\_), plus accrued interest, if any, to date of delivery for Bonds bearing interest as follows:

<u>Year of Maturity</u>	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Interest Rate</u>
2025	%	2033	%
2026	%	2034	%
2027	%	2035	%
2028	%	2036	%
2029	%	2037	%
2030	%	2038	%
2031	%	2039	%
2032			

[ \_\_\_\_\_  
\* *Term Bonds*]

1.05. Purchase Contract. Any amount paid by the Purchaser over the minimum purchase price shall be credited to the Debt Service Fund hereinafter created or deposited in the Construction Fund hereinafter created, as determined by the Director of Finance and the General Manager of the Commission in consultation with the City’s municipal advisor. The Director of Finance is directed to deposit the good faith check or deposit of the Purchaser, pending completion of the sale of the Bonds. The Mayor and City Administrator of the City are directed to execute a contract with the Purchaser on behalf of the City.

1.06. Terms and Principal Amounts of the Bonds. The City will forthwith issue and sell the Bonds pursuant to the Act in the original aggregate principal amount of \$4,755,000, originally dated November 9, 2023, in fully registered form, in denominations of \$5,000 each or any integral multiple thereof, numbered No. R-1, upward, bearing interest as above set forth, and maturing serially on February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2025	\$	2033	\$
2026	\$	2034	\$
2027	\$	2035	\$
2028	\$	2036	\$
2029	\$	2037	\$
2030	\$	2038	\$
2031	\$	2039	\$
2032			

[ \_\_\_\_\_  
\* *Term Bonds*]

(a) \$\_\_\_\_\_ of the principal amount of the Bonds, constituting the Water Revenue Bonds, maturing on February 1 of the years and in the amounts set forth below, will be used to finance the Water Improvements:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2025	\$	2033	\$
2026	\$	2034	\$
2027	\$	2035	\$
2028	\$	2036	\$
2029	\$	2037	\$
2030	\$	2038	\$
2031	\$	2039	\$
2032			

[\_\_\_\_\_  
\* *Term Bonds*]

(b) \$\_\_\_\_\_ of the principal amount of the Bonds, constituting the Wastewater Revenue Bonds, maturing on February 1 of the years and in the amounts set forth below, will be used to finance the construction of the Wastewater Improvements:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2025	\$	2033	\$
2026	\$	2034	\$
2027	\$	2035	\$
2028	\$	2036	\$
2029	\$	2037	\$
2030	\$	2038	\$
2031	\$	2039	\$
2032			

[\_\_\_\_\_  
\* *Term Bonds*]

1.07. Optional Redemption. The City may elect on February 1, 2033 and on any day thereafter, to prepay the Bonds due on or after February 1, 2034. Redemption may be in whole or in part and if in part, at the option of the City and in such manner as the City will determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC (as defined in Section 7 hereof) of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Prepayments will be at a price of par plus accrued interest.

[1.08. Mandatory Redemption; Term Bonds. To be completed if Term Bonds are requested by the Purchaser.]

## Section 2. Registration and Payment.

2.01. Registered Form. The Bonds will be issued only in fully registered form. The interest thereon and, upon surrender of each Bond, the principal amount thereof, is payable by check, draft, or wire issued by the Registrar described herein.

2.02. Dates; Interest Payment Dates. Each Bond will be dated as of the last interest payment date preceding the date of authentication to which interest on the Bond has been paid or made available for payment, unless (i) the date of authentication is an interest payment date to which interest has been paid or made available for payment, in which case the Bond will be dated as of the date of authentication, or (ii) the date of authentication is prior to the first interest payment date, in which case the Bond will be dated as of the date of original issue. The interest on the Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2024, to the registered owners of record thereof as of the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day.

2.03. Registration. The City will appoint, and will maintain, a bond registrar, transfer agent, authenticating agent and paying agent (the “Registrar”). The effect of registration and the rights and duties of the City and the Registrar with respect thereto are as follows:

(a) Register. The Registrar must keep at its principal corporate trust office a bond register in which the Registrar provides for the registration of ownership of the Bonds and the registration of transfers and exchanges of the Bonds entitled to be registered, transferred or exchanged.

(b) Transfer of Bonds. Upon surrender for transfer of a Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the fifteenth day of the month preceding each interest payment date and until that interest payment date.

(c) Exchange of Bonds. When Bonds are surrendered by the registered owner for exchange the Registrar will authenticate and deliver one or more new Bonds of a like aggregate principal amount and maturity as requested by the registered owner or the owner’s attorney in writing.

(d) Cancellation. Bonds surrendered upon transfer or exchange will be promptly cancelled by the Registrar and thereafter disposed of as directed by the City.

(e) Improper or Unauthorized Transfer. When a Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the Bond until the Registrar is satisfied that the endorsement on the Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar will incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The City and the Registrar may treat the person in whose name a Bond is registered in the bond register as the absolute owner of the Bond, whether the Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Bond and for all other purposes and payments so made to a registered owner or upon the owner’s order will be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. The Registrar may impose a charge upon the owner thereof for a transfer or exchange of Bonds, sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Bonds. If a Bond becomes mutilated or is destroyed, stolen or lost, the Registrar will deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of and in substitution for any Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that the Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar an appropriate bond or indemnity in form, substance and amount satisfactory to it and as provided by law, in which both the City and the Registrar must be named as obligees. Bonds so surrendered to the Registrar will be cancelled by the Registrar and evidence of such cancellation must be given to the City. If the mutilated, destroyed, stolen or lost Bond has already matured or been called for redemption in accordance with its terms it is not necessary to issue a new Bond prior to payment.

(i) Redemption. In the event any of the Bonds are called for redemption, notice thereof identifying the Bonds to be redeemed will be given by the Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid) to the registered owner of each Bond to be redeemed at the address shown on the registration books kept by the Registrar and by publishing the notice if required by law. Failure to give notice by publication or by mail to any registered owner, or any defect therein, will not affect the validity of the proceedings for the redemption of Bonds. Bonds so called for redemption will cease to bear interest after the specified redemption date, provided that the funds for the redemption are on deposit with the place of payment at that time.

2.04. Appointment of Initial Registrar. The City appoints U.S. Bank Trust Company, National Association, Saint Paul, Minnesota, as the initial Registrar. The Mayor and the City Administrator are authorized to execute and deliver, on behalf of the City, a contract with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, the resulting corporation is authorized to act as successor Registrar. The City agrees to pay the reasonable and customary charges of the Registrar for the services performed. The City reserves the right to remove the Registrar upon 30 days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar deliver all cash and Bonds in its possession to the successor Registrar and must deliver the bond register to the successor Registrar. On or before each principal or interest due date, without further order of this Council, the Director of Finance must transmit to the Registrar money sufficient for the payment of all principal and interest then due.

2.05. Execution, Authentication and Delivery. The Bonds will be prepared under the direction of the Director of Finance and executed on behalf of the City by the signatures of the Mayor and the City Administrator, provided that those signatures may be printed, engraved or lithographed facsimiles of the originals. If an officer whose signature or a facsimile of whose signature appears on the Bonds ceases to be such officer before the delivery of any Bond, that signature or facsimile will nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. Notwithstanding such execution, a Bond will not be valid or obligatory for any purpose or entitled to any security or benefit under this resolution unless and until a certificate of authentication on the Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on a Bond is conclusive evidence that it has been authenticated and delivered under this resolution. When the Bonds have been so prepared, executed and authenticated, the Director of Finance will deliver the same

to the Purchaser thereof upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Purchaser is not obligated to see to the application of the purchase price.

Section 3.        Form of Bond.

3.01.    Execution of the Bonds. The Bonds will be printed or typewritten in substantially the form as set forth in **EXHIBIT B** attached hereto.

3.02.    Approving Legal Opinion. The City Administrator is authorized and directed to obtain a copy of the proposed approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota, which is to be complete except as to dating thereof and to cause the opinion to be printed on or accompany each Bond.

Section 4.        Payment; Security; Pledges and Covenants.

4.01.    Debt Service Fund. The Bonds will be payable from the General Obligation Utility Revenue Bonds, Series 2023B (Public Utilities Commission) Debt Service Fund (the “Debt Service Fund”) hereby created. The Debt Service Fund shall be administered and maintained by the Director of Finance as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City and the Commission. The City and the Commission will maintain the following accounts in the Debt Service Fund: the “Water Improvements Account” and the “Wastewater Improvements Account.” Amounts in the Water Improvements Account are irrevocably pledged to the Water Revenue Bonds and amounts in the Wastewater Improvements Account are irrevocably pledged to the Wastewater Revenue Bonds.

(a)      Water Improvements Account. The City and the Commission will continue to maintain and operate its Water Fund, to which will be credited all gross revenues of the water system (the “Water System”), and out of which will be paid all normal and reasonable expenses of current operations of such system. Any balances therein are deemed net water revenues (the “Net Water Revenues”) and will be transferred, from time to time, to the Water Improvements Account of the Debt Service Fund, which Water Improvements Account will be used only to pay principal of and interest on the Water Revenue Bonds, and any other bonds similarly authorized. There will always be retained in the Water Improvements Account a sufficient amount to pay principal of and interest on the Water Revenue Bonds, and the Director of Finance and the General Manager of the Commission must report any current or anticipated deficiency in the Water Improvements Account to the Council and the Commission. If payment of principal or interest on the Water Revenue Bonds becomes due when there is not sufficient money in the Water Improvements Account in the Debt Service Fund to pay the same, the Director of Finance is directed to pay such principal or interest from the general fund of the City, and the general fund will be reimbursed for the advances out of the proceeds of Net Water Revenues when collected. There is also appropriated to the Water Improvements Account a pro rata portion of (i) capitalized interest financed from Bond proceeds, if any; and (ii) amounts over the minimum purchase price of the Bonds paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.05 hereof. There also shall be deposited to the Water Improvements Account of the Debt Service Fund all investment earnings on amounts in the Water Improvements Account of the Debt Service Fund and any other funds appropriated for the payment of principal or interest on the Water Improvements Bonds.

(b)      Wastewater Improvements Account. The City and the Commission will continue to maintain and operate its Wastewater Fund, to which will be credited all gross revenues of the wastewater system (the “Wastewater System”), and out of which will be paid all normal and reasonable expenses of current operations of such system. Any balances therein are deemed net wastewater revenues (the “Net

Wastewater Revenues”) and will be transferred, from time to time, to the Wastewater Improvements Account of the Debt Service Fund, which Wastewater Improvements Account will be used only to pay principal of and interest on the Wastewater Revenue Bonds, and any other bonds similarly authorized. There will always be retained in the Wastewater Improvements Account a sufficient amount to pay principal of and interest on the Wastewater Revenue Bonds, and the Director of Finance and the General Manager of the Commission must report any current or anticipated deficiency in the Wastewater Improvements Account to the Council and the Commission. If payment of principal or interest on the Wastewater Revenue Bonds becomes due when there is not sufficient money in the Wastewater Improvements Account in the Debt Service Fund to pay the same, the Director of Finance is directed to pay such principal or interest from the general fund of the City, and the general fund will be reimbursed for the advances out of the proceeds of Net Wastewater Revenues. There is also appropriated to the Wastewater Improvements Account a pro rata portion of (i) capitalized interest financed from Bond proceeds, if any; and (ii) amounts over the minimum purchase price of the Bonds paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.05 hereof. There also shall be deposited to the Wastewater Improvements Account of the Debt Service Fund all investment earnings on amounts in the Wastewater Improvements Account of the Debt Service Fund and any other funds appropriated for the payment of principal or interest on the Wastewater Improvements Bonds

4.02. Construction Fund. The City and the Commission hereby create the General Obligation Utility Revenue Bonds, Series 2023B (Public Utilities Commission) Construction Fund (the “Construction Fund”). The City and the Commission will maintain the following accounts in the Construction Fund: the “Water Improvements Account” and the “Wastewater Improvement Accounts.” Amounts in the Water Improvements Account are irrevocably pledged to the Water Revenue Bonds and amounts in the Wastewater Improvements Account are irrevocably pledged to the Wastewater Revenue Bonds.

(a) Water Improvements Account. Proceeds of the Water Revenue Bonds, less the appropriations made in Section 4.01(a) hereof together with any other funds appropriated for the Water Improvements collected during the construction of the project, will be deposited in the Water Improvements Account of the Construction Fund to be used solely to defray expenses of the Water Improvements. When the Water Improvements are completed and the cost thereof paid, the Water Improvements Account of the Construction Fund is to be closed and any funds remaining may be deposited in the Water Improvements Account of the Debt Service Fund.

(b) Wastewater Improvements Account. Proceeds of the Wastewater Revenue Bonds, less the appropriations made in Section 4.01(b) hereof together with any other funds appropriated for the Wastewater Improvements collected during the construction of the project, will be deposited in the Wastewater Improvements Account of the Construction Fund to be used solely to defray expenses of the Wastewater Improvements. When the Wastewater Improvements are completed and the cost thereof paid, the Wastewater Improvements Account of the Construction Fund is to be closed and any funds remaining may be deposited in the Wastewater Improvements Account of the Debt Service Fund.

4.03. City Covenants with Respect to the Bonds. The Council and the Commission covenant and agree with the holders of the Bonds that so long as any of the Water Revenue Bonds and Wastewater Revenue Bonds remain outstanding and unpaid, they will keep and enforce the following covenants and agreements:

(a) The Commission will continue to maintain and efficiently operate the Water System and the Wastewater System as public utilities and conveniences free from competition of other like municipal utilities and will cause all revenues therefrom to be deposited in bank accounts and credited to the accounts of the Water System and the Wastewater System, respectively, as hereinabove provided, and will make no



expenditures from those accounts except for a duly authorized purpose and in accordance with this resolution.

(b) The Commission and the City will also maintain the Water Improvements Account of the Debt Service Fund as a separate account in the water funds and will cause money to be credited thereto from time to time, out of Net Water Revenues from the Water System in sums sufficient to pay principal of and interest on the Water Revenue Bonds when due.

(c) The Commission and the City will also maintain the Wastewater Improvements Account of the Debt Service Fund as a separate account in the Wastewater Fund and will cause money to be credited thereto from time to time, out of Net Wastewater Revenues from the Wastewater System in sums sufficient to pay principal of and interest on the Wastewater Revenue Bonds when due.

(d) The City and the Commission will keep and maintain proper and adequate books of records and accounts separate from all other records of the City and the Commission in which will be complete and correct entries as to all transactions relating to the Water System and the Wastewater System and which will be open to inspection and copying by any bondholder, or the bondholder's agent or attorney, at any reasonable time, and it will furnish certified transcripts therefrom upon request and upon payment of a reasonable fee therefor, and said account will be audited at least annually by a qualified public accountant and statements of such audit and report will be furnished to all bondholders upon request.

(e) The Council and the Commission will cause persons handling revenues of the Water System and the Wastewater System to be bonded in reasonable amounts for the protection of the City and the bondholders and will cause the funds collected on account of the operations of such systems to be deposited in a bank whose deposits are guaranteed under the Federal Deposit Insurance Law.

(f) The Council and the Commission will keep the Water System and the Wastewater System insured at all times against loss by fire, tornado and other risks customarily insured against, with an insurer or insurers in good standing, in such amounts as are customary for like plants, to protect the holders, from time to time, of the Water Revenue Bonds and the Wastewater Revenue Bonds and the City from any loss due to any such casualty and will apply the proceeds of such insurance to make good any such loss.

(g) The City and the Commission and each and all of its officers will punctually perform all duties with reference to the Water Systems and the Wastewater System as required by law.

(h) The City will impose and collect charges of the nature authorized by Section 444.075 of the Act at the times and in the amounts required to produce Net Water Revenues adequate to pay all principal and interest when due on the Water Revenue Bonds and to produce Net Wastewater Revenues adequate to pay all principal and interest when due on the Wastewater Revenue Bonds and to create and maintain such reserves securing said payments as may be provided herein.

(i) The Council will levy general ad valorem taxes on all taxable property in the City when required to meet any deficiency in pledged Net Water Revenues or Net Wastewater Revenues (collectively, the "Net Revenues").

(j) The City hereby determined that the estimated collection of Net Revenues herein pledged for the payment of principal and interest on the Water Revenue Bonds and the Wastewater Revenue Bonds will produce at least 5% in excess of the amount needed to meet, when due, the principal and interest payments on the Water Revenue Bonds and the Wastewater Revenue Bonds, respectively.

4.04. General Obligation Pledge. For the prompt and full payment of the principal of and interest on the Bonds, as the same respectively become due, the full faith, credit, and taxing powers of the City are irrevocably pledged. If the balance in the Debt Service Fund is ever insufficient to pay all principal and interest then due on the Bonds, the deficiency will be promptly paid out of monies in the general fund of the City which are available for such purpose, and such general fund may be reimbursed with or without interest from the Debt Service Fund when a sufficient balance is available therein.

4.05. Certification to County Auditor/Treasurer as to Debt Service Fund Amount. It is hereby determined that the estimated collections of Net Revenues will produce at least 5% in excess of the amount needed to meet when due the principal and interest payments on the Bonds and that no tax levy is needed at this time.

4.06. Registration of Resolution. The City Clerk is authorized and directed to file a certified copy of this resolution with the Itasca County Auditor/Treasurer and to obtain the certificate required by Minnesota Statutes, Section 475.63.

4.07. Payment of Costs of Issuance. The City authorizes the Purchaser to forward the amount of Bond proceeds allocable to the payment of issuance expenses in accordance with the closing memorandum to be prepared and distributed by Ehlers and Associates, Inc., the municipal advisor to the City, on the date of closing.

4.08. State Credit Enhancement.

(a) Pursuant to a resolution adopted by the Council on August 28, 2023, the Council authorized and directed City staff to enter the City into a Credit Enhancement Program Agreement (the "Credit Agreement") with the Minnesota Public Facilities Authority (the "Authority"). Pursuant to Minnesota Statutes, Section 446A.086, as amended (the "Credit Enhancement Act"), the State of Minnesota, acting through the Authority, may provide a guarantee of any deficiency of debt service payments on the Bonds. Pursuant to the Credit Enhancement Act, the City makes the following representations and covenants:

(i) the City will notify the Authority of any default or potential default in the payment of principal or interest due on the Bonds;

(ii) the City will deposit with the Registrar all payments of principal and interest due on the Bonds at least 3 business days prior to the payment due date;

(iii) the agreement the City enters into with the Registrar will include all provisions required by the Credit Enhancement Act; and

(iv) the City will comply with all provisions of the Credit Agreement and with the Credit Enhancement Act.

(b) Pursuant to subdivision 3 of the Credit Enhancement Act, the City acknowledges and agrees that the Registrar is required to inform the Minnesota Commissioner of Management and Budget and the Authority if the Registrar becomes aware of a default or potential default in the payment of principal or interest on the Bonds or if, on the day 2 business days before the date a payment is due on the Bonds, there are insufficient funds to make the payment on deposit with the Registrar.

Section 5. Authentication of Transcript.

5.01. City Proceedings and Records. The officers of the City and the Commission are authorized and directed to prepare and furnish to the Purchaser and to the attorneys approving the Bonds, certified copies of proceedings and records of the City and the Commission relating to the Bonds and to the financial condition and affairs of the City and the Commission, and such other certificates, affidavits and transcripts as may be required to show the facts within their knowledge or as shown by the books and records in their custody and under their control, relating to the validity and marketability of the Bonds, and such instruments, including any heretofore furnished, will be deemed representations of the City and the Commission as to the facts stated therein.

5.02. Certification as to Official Statement. The Mayor, the City Administrator, and/or the Director of Finance are hereby authorized and directed to certify that they have examined the Official Statement prepared and circulated in connection with the issuance and sale of the Bonds and that to the best of their knowledge and belief the Official Statement is a complete and accurate representation of the facts and representations made therein as of the date of the Official Statement.

5.03. Other Certificates. The Mayor, the City Administrator, City Clerk, the General Manager of the Commission, and/or the Director of Finance are hereby authorized and directed to furnish to the Purchaser at the closing such certificates as are required as a condition of sale. Unless litigation shall have been commenced and be pending questioning the Bonds or the organization of the City or incumbency of its officers, at the closing the Mayor, the City Administrator, and the Director of Finance shall also execute and deliver to the Purchaser a suitable certificate as to absence of material litigation, and the Director of Finance shall also execute and deliver a certificate as to payment for and delivery of the Bonds.

5.04. Electronic Signatures. The electronic signature(s) of the Mayor, the Director of Finance, the City Clerk, the General Manager of the Commission and/or the City Administrator to this resolution and to any certificate authorized to be executed hereunder shall be as valid as an original signature of such party and shall be effective to bind the City thereto. For purposes hereof, (i) "electronic signature" means (a) a manually signed original signature that is then transmitted by electronic means or (b) a signature obtained through DocuSign or Adobe or a similarly digitally auditable signature gathering process; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format ("pdf") or other replicating image attached to an electronic mail or internet message.

## Section 6. Tax Covenants.

6.01. Tax-Exempt Bonds. The City covenants and agrees with the holders from time to time of the Bonds that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the interest on the Bonds to become subject to taxation under the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated thereunder, in effect at the time of such actions, and that it will take or cause its officers, employees or agents to take, all affirmative action within its power that may be necessary to ensure that such interest will not become subject to taxation under the Code and applicable Treasury Regulations, as presently existing or as hereafter amended and made applicable to the Bonds. To that end, the City will comply with all requirements necessary under the Code to establish and maintain the exclusion from gross income of the interest on the Bonds under Section 103 of the Code, including without limitation requirements relating to temporary periods for investments, and limitations on amounts invested at a yield greater than the yield on the Bonds.

6.02. Rebate. The City will comply with requirements necessary under the Code to establish and maintain the exclusion from gross income of the interest on the Bonds under Section 103 of the Code, including without limitation requirements relating to temporary periods for investments, limitations on amounts invested at a yield greater than the yield on the Bonds, and the rebate of excess investment earnings to the United States.

6.03. Not Private Activity Bonds. The City further covenants not to use the proceeds of the Bonds or the improvements to be financed by the Bonds, or to cause or permit them to be used, in such a manner as to cause the Bonds to be “private activity bonds” within the meaning of Sections 103 and 141 through 150 of the Code.

6.04. Qualified Tax-Exempt Obligations. In order to qualify the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code, the City makes the following factual statements and representations:

- (a) the Bonds are not “private activity bonds” as defined in Section 141 of the Code;
- (b) the City hereby designates the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code;
- (c) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which will be issued by the City (and all subordinate entities of the City) during calendar year 2023 will not exceed \$10,000,000; and
- (d) not more than \$10,000,000 of obligations issued by the City during calendar year 2023 have been designated for purposes of Section 265(b)(3) of the Code.

6.05. Procedural Requirements. The City will use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designations made by this section.

Section 7. Book-Entry System; Limited Obligation of City.

7.01. DTC. The Bonds will be initially issued in the form of a separate single typewritten or printed fully registered Bond for each of the maturities set forth in Section 1.05 hereof. Upon initial issuance, the ownership of each Bond will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, and its successors and assigns (“DTC”). Except as provided in this section, all of the outstanding Bonds will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC.

7.02. Participants. With respect to Bonds registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, the City, the Registrar and the Paying Agent will have no responsibility or obligation to any broker dealers, banks and other financial institutions from time to time for which DTC holds Bonds as securities depository (the “Participants”) or to any other person on behalf of which a Participant holds an interest in the Bonds, including but not limited to any responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person (other than a registered owner of Bonds, as shown by the registration books kept by the Registrar) of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any Participant or any other person, other than a registered owner of Bonds, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The City, the Registrar and the Paying Agent may treat and consider the person in whose name each Bond is registered in the registration books kept by the Registrar as the holder and absolute owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bonds, and for all other purposes. The Paying Agent will pay all principal of, premium, if any, and interest on the Bonds only to or on the order of the respective registered owners, as shown in the registration books kept by the Registrar, and all such payments will be valid and effectual to fully satisfy and discharge the City’s obligations with respect

to payment of principal of, premium, if any, or interest on the Bonds to the extent of the sum or sums so paid.

No person other than a registered owner of Bonds, as shown in the registration books kept by the Registrar, will receive a certificated Bond evidencing the obligation of this resolution. Upon delivery by DTC to the City Administrator of a written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the words “Cede & Co.” will refer to such new nominee of DTC; and upon receipt of such a notice, the City Administrator will promptly deliver a copy of the same to the Registrar and Paying Agent.

7.03. Representation Letter. The City has heretofore executed and delivered to DTC a Blanket Issuer Letter of Representations (the “Representation Letter”) which will govern payment of principal of, premium, if any, and interest on the Bonds and notices with respect to the Bonds. Any Paying Agent or Registrar subsequently appointed by the City with respect to the Bonds will agree to take all action necessary for all representations of the City in the Representation Letter with respect to the Registrar and Paying Agent, respectively, to be complied with at all times.

7.04. Transfers Outside Book-Entry System. In the event the City, by resolution of the Council, determines that it is in the best interests of the persons having beneficial interests in the Bonds that they be able to obtain Bond certificates, the City will notify DTC, whereupon DTC will notify the Participants, of the availability through DTC of Bond certificates. In such event the City will issue, transfer and exchange Bond certificates as requested by DTC and any other registered owners in accordance with the provisions of this resolution. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. In such event, if no successor securities depository is appointed, the City will issue and the Registrar will authenticate Bond certificates in accordance with this resolution and the provisions hereof will apply to the transfer, exchange and method of payment thereof.

7.05. Payments to Cede & Co. Notwithstanding any other provision of this resolution to the contrary, so long as a Bond is registered in the name of Cede & Co., as nominee of DTC, payments with respect to principal of, premium, if any, and interest on the Bond and notices with respect to the Bond will be made and given, respectively in the manner provided in DTC’s Operational Arrangements, as set forth in the Representation Letter.

## Section 8. Continuing Disclosure.

8.01. Execution of Continuing Disclosure Certificate. “Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate to be executed by the Mayor and the City Administrator and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

8.02. City Compliance with Provisions of Continuing Disclosure Certificate. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this resolution, failure of the City to comply with the Continuing Disclosure Certificate is not to be considered an event of default with respect to the Bonds; however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this section.

Section 9. Defeasance. When all Bonds and all accrued interest thereon have been discharged as provided in this section, all pledges, covenants and other rights granted by this resolution to the holders of the Bonds will cease, except that the pledge of the full faith and credit of the City for the prompt and full payment of the principal of and interest on the Bonds will remain in full force and effect. The City may discharge all Bonds which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full or by depositing irrevocably in escrow, with a suitable institution qualified by law as an escrow agent for this purpose, cash or securities which are backed by the full faith and credit of the United States of America, or any other security authorized under Minnesota law for such purpose, bearing interest payable at such times and at such rates and maturing on such dates and in such amounts as shall be required and sufficient, subject to sale and/or reinvestment in like securities, to pay said obligation(s), which may include any interest payment on such Bond and/or principal amount due thereon at a stated maturity (or if irrevocable provision shall have been made for permitted prior redemption of such principal amount, at such earlier redemption date). If any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit.

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Approved by the City Council of the City of Grand Rapids, Minnesota this October 23rd, 2023.

**CITY OF GRAND RAPIDS, MINNESOTA**

---

Dale Christy  
Mayor

Attest:

---

Kimberly Gibeau  
City Clerk

The motion for the adoption of the foregoing resolution was duly seconded by Member \_\_\_\_\_, and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon the resolution was declared duly passed and adopted.



**EXHIBIT A**  
**PROPOSALS**

**EXHIBIT B**

**FORM OF BOND**

No. R-\_\_\_\_\_

\$\_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
COUNTY OF ITASCA  
CITY OF GRAND RAPIDS

GENERAL OBLIGATION UTILITY REVENUE BOND  
SERIES 2023B  
(PUBLIC UTILITIES COMMISSION)

<u>Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	February 1, 20__	November 9, 2023	386335 ____

Registered Owner: Cede & Co.

The City of Grand Rapids, Minnesota, a duly organized and existing municipal corporation in Itasca County, Minnesota (the “City”), acknowledges itself to be indebted and for value received hereby promises to pay to the Registered Owner specified above or registered assigns, the principal sum of \$\_\_\_\_\_ on the maturity date specified above, with interest thereon from the date hereof at the annual rate specified above (calculated on the basis of a 360 day year of twelve 30 day months), payable February 1 and August 1 in each year, commencing August 1, 2024, to the person in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month. The interest hereon and, upon presentation and surrender hereof, the principal hereof are payable in lawful money of the United States of America by check, draft, or wire by U.S. Bank Trust Company, National Association, Saint Paul, Minnesota, as Registrar, Paying Agent, Transfer Agent and Authenticating Agent, or its designated successor under the Resolution described herein. For the prompt and full payment of such principal and interest as the same respectively become due, the full faith and credit and taxing powers of the City have been and are hereby irrevocably pledged.

The City may elect on February 1, 2033 and on any day thereafter, to prepay the Bonds due on or after February 1, 2034. Redemption may be in whole or in part and if in part, at the option of the City and in such manner as the City will determine. If less than all Bonds of a maturity are called for redemption, the City will notify The Depository Trust Company (“DTC”) of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant’s interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Prepayments will be at a price of par plus accrued interest.

[Add term bond provisions as needed]

This Bond is one of an issue in the aggregate principal amount of \$4,755,000 all of like original issue date and tenor, except as to number, maturity date, interest rate, and redemption privilege, all issued pursuant to a resolution adopted by the City Council on October 23, 2023 (the “Resolution”), for the purpose of providing money to defray the expenses incurred and to be incurred in making improvements to the City’s water and wastewater utility systems, including the Sylvan Bay and industrial park area water and

wastewater improvements, pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Chapters 444 and 475, as amended. The principal hereof and interest hereon are payable primarily from net revenues of the water and wastewater systems operated by the Grand Rapids Public Utility Commission (the "Commission"). Net revenues are pledged to a special debt service fund of the Commission, as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred. The full faith and credit of the City are irrevocably pledged for payment of this Bond and the City Council has obligated itself to levy ad valorem taxes on all taxable property in the City in the event of any deficiency in net revenues pledged, which taxes may be levied without limitation as to rate or amount. The Bonds of this series are issued only as fully registered Bonds in denominations of \$5,000 or any integral multiple thereof of single maturities.

The City Council has designated the issue of Bonds of which this Bond forms a part as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code") relating to disallowance of interest expense for financial institutions and within the \$10 million limit allowed by the Code for the calendar year of issue.

IT IS HEREBY CERTIFIED AND RECITED that in and by the Resolution, the City and the Commission have covenanted and agreed that the Commission will continue to own and operate the water and wastewater systems free from competition by other like municipal utilities; that adequate insurance on said systems and suitable fidelity bonds on employees will be carried; that proper and adequate books of account will be kept showing all receipts and disbursements relating to the Water Fund and Wastewater Fund, into which the Commission will pay all of the gross revenues from the water and wastewater systems; that it will also create and maintain the General Obligation Utility Revenue Bonds, Series 2023B (Public Utilities Commission) Debt Service Fund, into which the Commission will pay, out of the net revenues from the water and wastewater systems a sum sufficient to pay principal of the Bonds (as defined in the Resolution) and interest on the Bonds when due; and that the City will provide, by ad valorem tax levies, for any deficiency in required net revenues of the water and wastewater systems.

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the City at the principal office of the Registrar, by the registered owner hereof in person or by the owner's attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or the owner's attorney; and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange the City will cause a new Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

The City and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the City nor the Registrar will be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota, to be done, to exist, to happen and to be performed preliminary to and in the issuance of this Bond in order to make it a valid and binding general obligation of the City in accordance with its terms, have been done, do exist, have happened and have been performed as so required, and that the issuance of this Bond does not cause the indebtedness of the City to exceed any constitutional or statutory limitation of indebtedness.

This Bond is not valid or obligatory for any purpose or entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon has been executed by the Registrar by manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the City of Grand Rapids, Itasca County, Minnesota, by its City Council, has caused this Bond to be executed on its behalf by the facsimile or manual signatures of the Mayor and the City Administrator and has caused this Bond to be dated as of the date set forth below.

Dated: November 9, 2023

**CITY OF GRAND RAPIDS, MINNESOTA**

\_\_\_\_\_  
(Facsimile)  
Mayor

\_\_\_\_\_  
(Facsimile)  
City Administrator

**CERTIFICATE OF AUTHENTICATION**

This is one of the Bonds delivered pursuant to the Resolution mentioned within.

**U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION**

By \_\_\_\_\_  
Authorized Representative

**ABBREVIATIONS**

The following abbreviations, when used in the inscription on the face of this Bond, will be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common

UNIF GIFT MIN ACT

\_\_\_\_\_  
Custodian \_\_\_\_\_

(Cust) (Minor)

TEN ENT -- as tenants by entireties

under Uniform Gifts or Transfers to Minors  
Act, State of \_\_\_\_\_

JT TEN -- as joint tenants with right of  
survivorship and not as tenants in common

Additional abbreviations may also be used though not in the above list.

## ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Bond and all rights thereunder, and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

\_\_\_\_\_

NOTICE: Signature(s) must be guaranteed by a financial institution that is a member of the Securities Transfer Agent Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP"), the New York Stock Exchange, Inc. Medallion Signatures Program ("MSP") or other such "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, SEMP or MSP, all in accordance with the Securities Exchange Act of 1934, as amended.

The Registrar will not effect transfer of this Bond unless the information concerning the assignee requested below is provided.

Name and Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
(Include information for all joint owners if this Bond is held by joint account.)

Please insert social security or other identifying number of assignee

\_\_\_\_\_

\_\_\_\_\_

### PROVISIONS AS TO REGISTRATION

The ownership of the principal of and interest on the within Bond has been registered on the books of the Registrar in the name of the person last noted below.

Date of Registration

Registered Owner

Signature of  
Registrar

November 9, 2023

Cede & Co.  
Federal ID #13-2555119