

ADVANCE REFUNDING ESCROW AGREEMENT

Relating to:

**City of Grand Rapids, Minnesota
(Public Utilities Commission)
Taxable General Obligation Utility Revenue Bonds,
Series 2013C**

THIS AGREEMENT, dated September 2, 2021, made pursuant to Minnesota Statutes, Section 475.67 (the “Act”) and executed by and between the City of Grand Rapids, Itasca County, Minnesota (the “City”), and Zions Bancorporation, National Association, Chicago, Illinois (whose deposits are insured by the Federal Deposit Insurance Corporation and whose capital and surplus is not less than \$500,000 (the “Escrow Agent”):

WITNESSETH: That the parties hereto recite and, in consideration of the mutual covenants contained herein, covenant and agree as follows:

1. The City, in accordance with a resolution adopted by its governing body on August 9, 2021 (the “Resolution”), has provided for the refunding of the 2025, 2027 and 2029 maturities of the City’s (Public Utilities Commission) \$2,305,000 Taxable General Obligation Utility Revenue Refunding Bonds, Series 2013C, dated September 12, 2013, of which \$1,100,000 in principal amount is subject to redemption and prepayment on February 1, 2023 (the “Refunded Bonds”), by the issuance and sale of refunding obligations, designated as “(Public Utilities Commission) Taxable General Obligation Utility Revenue Refunding Bonds, Series 2021C” (the “Refunding Bonds”).

2. The City has also, in accordance with the Resolution, issued and sold the Refunding Bonds in the principal amount of \$1,210,000, and has received proceeds of the Bonds in the amount of \$1,202,740 (par amount of \$1,210,000, less underwriter’s discount of \$7,260). A portion of the proceeds of the Refunding Bonds will be applied to the defeasance, redemption, and prepayment of the Prior Bonds and will be placed in a special Escrow Fund (the “Escrow Fund”) created in accordance with the Resolution in the name of the County pursuant to this Agreement to (i) to pay the interest on the Refunded Bonds through February 1, 2023 (the “Redemption Date”); (ii) pay the outstanding principal amount of the Refunded Bonds on the Redemption Date; and (iii) pay the costs of issuance set forth in **Exhibit D**.

3. On the date hereof, the Escrow Agent has received on behalf of the City, proceeds of the Refunding Bonds in the amount of \$1,202,740 to be applied as follows: (i) the amount of \$1,170,368.75 in the Escrow Fund (as defined herein) shall be invested in shares or units in any money market mutual fund rated “Aaa”/”AAA” by Moody’s or S&P (or if a new rating scale is implemented, the equivalent rating category given by the rating agency for that general category of security) (including mutual funds of the Escrow Agent or its affiliates or for which the Escrow Agent or an affiliate thereof serves as investment advisor or provides other services to such mutual fund receives reasonable compensation therefor) registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of (A) direct obligations of the

government of the United States of America, or (B) tax exempt government obligations (collectively, the “Investments”); and (ii) \$32,263.00 to pay the costs of issuance set forth in **Exhibit D**; and (iii) \$108.25 to the the Debt Service Fund established under the Resolution. Funds will be irrevocably deposited with the Escrow Agent on the date of this Agreement. It is understood and agreed that amounts deposited into the Escrow Account will be sufficient to make the payments as set forth **Exhibit A**, including the funds required to pay all principal and interest due and payable on each of the Refunded Prior Bonds, as described in Section 2, on and prior to their maturity dates, or to the date on which any of the Refunded Prior Bonds have been directed to be prepaid, as stated in the Resolution.

4. The Investments have been irrevocably deposited with the Escrow Agent who acknowledges receipt of the deposits described in paragraph 3 hereof and agrees that it will hold such amounts, other than amounts to be used for costs of issuance, in the Escrow Fund in the name of the City, and will collect and receive on behalf of the City all payments of principal of and interest on any investment of such amounts and securities and will remit from the Escrow Fund (i) to U.S. Bank National Association, in St. Paul, Minnesota (the “Paying Agent”) for the Refunding Bonds and the Refunded Bonds the funds required from time to time for the payment of interest on the Refunded Bonds to the Redemption Date when due; and (ii) the outstanding principal amount of the Refunded Bonds on the Redemption Date.. After provision for payment of all remaining Refunded Bonds, the Escrow Agent will remit any remaining funds in the Escrow Fund to the City.

5. Investment or reinvestment, if any, of amounts in the Escrow Fund made pursuant to this paragraph may be made only at the further direction of Director of Finance and in securities maturing or callable at the option of the holder on such dates and bearing interest at such rates as will be required to provide sufficient funds, together with any cash or other funds retained in the Escrow Fund, to pay when due the amounts set forth in Section 4. Securities purchased from the monies in the Escrow Fund will be limited to securities specified in Minnesota Statutes, Section 475.67, Subdivision 8. The Escrow Agent, as agent for the City, shall purchase any such securities for and on behalf of the City and in its name.

6. The Escrow Agent expressly waives any lien upon or claim against the moneys and investments in the Escrow Fund.

7. If at any time it shall appear to the Escrow Agent that the money in the Escrow Fund allocable for such use hereunder will not be sufficient to make any payment due to under paragraph 3, or principal payment due to the holders of any of the Refunded Bonds, the Escrow Agent shall immediately notify the City. The City thereupon shall forthwith deposit in Escrow Fund from funds on hand and legally available to it such additional funds as may be required to meet fully the amount to become due and payable. The City acknowledges its obligation to levy ad valorem taxes on all taxable property in the City to the extent required to produce moneys necessary for this purpose.

8. The City will not repeal or amend the Resolution which calls the Refunded Bonds for redemption on the Redemption Date. The Escrow Agent shall cause the Notice of Call for redemption attached hereto as **Exhibit B** to be mailed not more than 60 days prior to the

Redemption Date to the paying agent for the Refunded Bonds for the purpose of giving notice not less than 30 days prior to the Redemption Date to the registered owners of the Refunded Bonds to be redeemed, at their addresses appearing in the bond register and also to the bank at which the principal and interest on the Refunded Bonds are then payable.

9. The Escrow Agent shall cause the Notice of Defeasance attached hereto as **Exhibit C** to be filed with the Municipal Securities Rulemaking Board within 10 business days of the issuance of the Refunding Bonds.

10. The Escrow Agent will submit to the City on or before the 10th day of each month, commencing in the month of October, 2021, a statement, as of the last day of the immediately preceding month, itemizing all moneys received by it and all payments made by it under the provisions of this Agreement during the one month period ending on such last day of the preceding month, and also listing the investments on deposit therewith on the date of said report, including all moneys held by it received as interest on or profit from the investments.

11. It is recognized and agreed that title to the cash and Investments, if any, held in the Escrow Fund from time to time shall remain vested in the City but subject always to the prior charge and lien thereon of this Agreement and the use thereof required to be made by this Agreement. The Escrow Agent shall hold all such money and obligations in a special Escrow Fund separate and wholly segregated from all other funds and securities of the Escrow Agent, and shall never commingle such money or securities with other money or securities. It is understood and agreed that the responsibility of the Escrow Agent under this Agreement is limited to the safekeeping and segregation of the funds and securities deposited with it in the Escrow Fund, and the collection of and accounting for the principal and interest payable with respect thereto, the reinvestment of certain funds in Investments to the extent not being held as uninvested cash and the remittance of the funds to the paying agent as provided in this Agreement.

12. This Agreement is made by the City for the benefit of the holders of the Refunded Bonds, and is not revocable by the City, and the funds and securities deposited in the Escrow Fund and all income therefrom have been irrevocably appropriated for the payment of the callable principal amount of the Refunded Bonds at the Redemption Date and interest on the Refunded Bonds to the Redemption Date in accordance with this Agreement.

13. This Agreement shall be binding upon and shall inure to the benefit of the City and the Escrow Agent and their respective successors and assigns. In addition, this Agreement shall constitute a third party beneficiary contract for the benefit of the holders of the Refunded Bonds and said third party beneficiaries shall be entitled to enforce performance and observance by the City and the Escrow Agent of the respective agreements and covenants herein contained as fully and completely as if said third party beneficiaries were parties hereto. Any bank into which the Escrow Agent may be merged or with which it may be consolidated or any bank resulting from any merger or consolidation to which it shall be a party or any bank to which it may sell or transfer all or substantially all of its corporate trust business shall, if the City approves, be the successor agent without the execution of any document or the performance of any further act.

14. The Escrow Agent may at any time resign and be discharged of its obligations hereunder by giving to the Clerk of the City written notice of such resignation not less than 60 days before the date when the same is to take effect, provided that the Escrow Agent shall return to the City the pro rata portion of its fee which is allocable to the period of time commencing on the effective date of such resignation. Such resignation shall take effect upon the date specified in the notice, or upon the appointment and qualification of a successor prior to that date. In the event of such resignation, a successor shall promptly be appointed by the City, and the Clerk of the City shall immediately give written notice thereof to the predecessor escrow agent and publish the notice in the manner described in this paragraph 4. If, in a proper case, no appointment of a successor agent is made within 45 days after the receipt by the City of notice of such resignation, the Escrow Agent or the holder of any Refunded Bond may apply to any court of competent jurisdiction to appoint a successor escrow agent, which appointment may be made by the Court after such notice, if any, as the Court may prescribe. Any successor escrow agent appointed hereunder shall execute, acknowledge and deliver to its predecessor escrow agent and to the City a written acceptance of such appointment, and shall thereupon without any further act, deed or conveyance become fully vested with all moneys, properties, duties and obligations of its predecessor, but the predecessor shall nevertheless pay over, transfer, assign and deliver all moneys, securities or other property held by it to the successor escrow agent, shall execute, acknowledge and deliver such instruments of conveyance and do such other things as may reasonably be required to vest and confirm more fully and certainly in the successor escrow agent all right, title and interest in and to any property held by it hereunder. Any bank into which the Escrow Agent may be merged or with which it may be consolidated or any bank resulting from any merger or consolidation to which it shall be a party or any bank to which it may sell or transfer all or substantially all of its corporate trust business shall, if the City approves, be the successor escrow agent without the execution of any document or the performance of any further act.

15. The Escrow Agent acknowledges receipt of the sum of \$1,000 as its full compensation for its services to be performed under this Agreement.

16. The duties and obligations of the Escrow Agent shall be as prescribed by the provisions of this Agreement and the Escrow Agent shall not be liable hereunder except for failure to perform its duties and obligations as specifically set forth herein or to act in good faith in the performance thereof and no implied duties or obligations shall be incurred by the Agent other than those specified herein.

17. Any notice, authorization, request or demand required or permitted to be given in accordance with the terms of this Agreement shall be in writing and sent by registered or certified mail addressed:

If to the City: City of Grand Rapids, Minnesota
420 N. Pokegama Avenue
Grand Rapids, MN 55744
Attn: City Finance Director

If to the Escrow Agent: Zions Bancorporation, National Association

111 West Washington Street, Ste 1860
Chicago, IL 60602
Attn: Corporate Trust

18. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a trust, or other legal entity, the Escrow Agent requires documentation to verify its formation and existence as a legal entity. The Escrow Agent may ask to see financial statements, licenses, identification, and authorization documents from individuals claiming authority to represent the entity or other relevant documentation. The City acknowledges that a portion of the identifying information set forth herein is being requested by the Escrow Agent in connection with the USA Patriot Act, Pub.L. 107-56 (the "Act"), and the City agrees to provide, in a timely manner, any additional information requested by the Escrow Agent in connection with the Act or any similar legislation or regulation to which the Escrow Agent is subject.

18. The exhibits which are a part of this Agreement are as follows:

Exhibit A	Escrow Verification Report
Exhibit B	Notice of Call for Redemption
Exhibit C	Notice of Defeasance
Exhibit D	Costs of Issuance

IN WITNESS WHEREOF the parties hereto have caused this instrument to be duly executed by their duly authorized officers, in counterparts, each of which is deemed to be an original agreement, dated as of the date first written above.

CITY OF GRAND RAPIDS, MINNESOTA

By _____
Its Mayor

By _____
Its City Clerk

(Signature Page to the Advance Refunding Escrow Agreement)

**ZIONS BANCORPORATION, NATIONAL
ASSOCIATION**

By _____
Its _____

(Signature Page to the Advance Refunding Escrow Agreement)

EXHIBIT A
ESCROW PAYMENTS

Escrow Fund Cashflow

Date	Principal	Rate	Receipts	Disbursements	Cash Balance
09/02/2021	-	-	0.75	-	0.75
02/01/2022	23,456.00	-	23,456.00	23,456.25	0.50
08/01/2022	23,456.00	-	23,456.00	23,456.25	0.25
02/01/2023	1,123,456.00	-	1,123,456.00	1,123,456.25	-
Total	\$1,170,368.00	-	\$1,170,368.75	\$1,170,368.75	-

EXHIBIT B
NOTICE OF CALL FOR REDEMPTION

CITY OF GRAND RAPIDS, MINNESOTA
(PUBLIC UTILITIES COMMISSION)
TAXABLE GENERAL OBLIGATION
UTILITY REVENUE BONDS
SERIES 2013C

NOTICE IS HEREBY GIVEN that, by order of the City Council of the City of Grand Rapids, Itasca County, Minnesota, there have been called for redemption and prepayment on

February 1, 2023

all outstanding bonds of the City designated as (Public Utilities Commission) Taxable General Obligation Utility Revenue Bonds, Series 2013C, dated, September 12, 2013, having stated maturity dates of February 1 in the years 2025, 2027, and 2029, all inclusive, totaling \$1,100,000 in principal amount, and with the following CUSIP numbers:

<u>Year of Maturity</u>	<u>Amount</u>	<u>CUSIP</u>
2025*	335,000	386334 7V2
2027*	365,000	386334 7X8
2029*	400,000	386334 7Z3

*Term Bond

The bonds are being called at a price of par plus accrued interest to February 1, 2023, on which date all interest on said bonds will cease to accrue. Holders of the bonds hereby called for redemption are requested to present their bonds for payment at the main office of U.S. Bank National Association, in the City of St. Paul, Minnesota, on or before February 1, 2023, at the following address:

If by mail:

U.S. Bank National Association
Corporate Trust Operations, 3rd Floor
P.O. Box 64111
St. Paul, MN 55164-0111

If by hand or overnight:

U.S. Bank National Association
60 Livingston Avenue
EP-MN-WS3C
Bond Drop Window, 1st Floor
St. Paul, MN 55107

Important Notice: In compliance with the Economic Growth and Tax Relief Reconciliation Act of 2003, the City is required to withhold a specified percentage of the principal amount of the redemption price payable to the holder of any Bonds subject to redemption and prepayment on the Redemption Date, unless the City is provided with the Social Security Number or Federal Employer Identification Number of the holder, properly certified. Submission of a fully executed Request for Taxpayer Identification Number and Certification, Form W-9, will satisfy the requirements of this paragraph.

Dated: September 2, 2021

BY ORDER OF THE CITY COUNCIL

EXHIBIT C

NOTICE OF DEFEASANCE

**CITY OF GRAND RAPIDS, MINNESOTA
(PUBLIC UTILITIES COMMISSION)
TAXABLE GENERAL OBLIGATION
UTILITY REVENUE BONDS
SERIES 2013C**

NOTICE IS HEREBY GIVEN to the holders of the above-described (the “Bonds”), dated September 12, 2013, and maturing on February 1 of the years and amounts shown below, that U.S. Government Securities have been deposited with Zions Bancorporation, National Association, Chicago, Illinois (the “Escrow Agent”), in an amount sufficient to defease the 2025, 2027 and 2029 maturities of such Bonds. Interest on the Bonds will continue to be paid by the City of Grand Rapids, Minnesota, from the revenues pledged in the resolution authorizing the issuance of the Bonds. The outstanding Bonds will be redeemed and prepaid in full on February 1, 2023, and are identified below by CUSIP numbers:

<u>Year of Maturity</u>	<u>Amount</u>	<u>CUSIP</u>
2025*	335,000	386334 7V2
2027*	365,000	386334 7X8
2029*	400,000	386334 7Z3

*Term Bond

Dated: September 2, 2021

ZIONS BANCORPORATION, NATIONAL
ASSOCIATION, as Escrow Agent

EXHIBIT D

COSTS OF ISSUANCE

COSTS OF ISSUANCE DETAIL

Municipal Advisor	\$16,700.00
Bond Counsel (Kennedy & Graven)	\$5,000.00
Rating Agency Fee (S&P)	\$8,713.00
Paying Agent (U.S. Bank)	\$850.00
Escrow Agent (Zions Bancorporation)	\$1,000.00
TOTAL	\$32,263.00