

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

OFFICIAL PROCEEDINGS

Special meeting of the Duluth City Council held on Thursday, November 8, 2012, 5:15 p.m. in the Council Chamber, City Hall, Duluth, Minnesota.

Roll call: Present: Councilors Boyle, Gardner, Julsrud, Krug, Larson, Stauber and President Hartman -- 7

Absent: Councilors Fosle and Krause -- 2

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At this time, Councilor Krause took his seat.

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MOTIONS AND RESOLUTIONS

Resolution 12-0555, providing for the issuance, sale and delivery of \$3,275,000 general obligation capital equipment notes, Series 2012C; establishing the terms and form thereof; creating a debt service fund therefor; and awarding the sale thereof, was introduced by Councilor Krug.

The rules were suspended upon a unanimous vote to hear from a speaker on the resolution.

Robert Toftey, bond counsel, reviewed the bidding results on all of the bond issues.

Resolution 12-0555 was adopted as follows:

BE IT RESOLVED, by the city council of the city of Duluth, Minnesota (the "City"), as follows:

Section 1. Notes Purpose and Authorization.

1.01 Under and pursuant to the provisions of Minnesota Statutes, Sections 410.32(g) and 412.301 and Minnesota Statutes, Chapter 475 (collectively, the "Act"), and the City Charter, the City is authorized to issue its general obligation capital equipment notes to provide funds to purchase capital equipment having an expected useful life at least as long as the term of the capital equipment notes.

1.02 The city council adopted Resolution No. 11-0640R on December 5, 2011 (the "Intent Resolution"), declaring the intention of the City to issue such capital equipment notes in the maximum amount of \$4,750,000 to finance the purchase of capital equipment authorized by the Act plus costs of issuance and discount on such capital equipment notes. It is hereby certified that the amount of the capital equipment notes to be issued by the City pursuant to this resolution is less than 0.25% of the market value of the taxable property of the City.

1.03 The city council hereby determines that it is necessary and expedient to issue \$3,275,000 General Obligation Capital Equipment Notes, Series 2012C, of the City (the "Notes") to provide funds to purchase capital equipment authorized by the Act, to pay certain expenses incurred in the issuance of the Notes and to pay a portion of the interest cost of the issue, as allowed by Minnesota Statutes, Section 475.56. The capital equipment to be purchased with the proceeds of the Notes will have a useful life of more than the term of the Notes.

1.04 Public Financial Management, Inc., financial consultant to the City, has given notification by mail, facsimile or electronic data transmission to at least five firms determined by Public Financial Management, Inc. to be prospective bidders on the Notes at least two days (omitting Saturdays, Sundays and legal holidays) before the date set for receipt of bids on the Notes.

1.05 Pursuant to such solicitation for bids for the sale of the Notes, the city council has received and considered all bids presented pursuant to the official terms of offering and has

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determined that the most favorable bid is that of Robert W. Baird & Co., Inc. of Milwaukee, Wisconsin (the "Purchaser"), to purchase the Notes at a cash price of \$3,491,373.40, upon condition that the Notes mature and bear interest at the times and annual rates set forth in Section 2. The City, after due consideration, finds such bid reasonable and proper and the bid of the Purchaser is hereby accepted. Upon receipt of the good faith deposit, the mayor and the city clerk are authorized and directed to execute on the part of the City a contract for the sale of the Notes in accordance with the Purchaser's bid. The city treasurer is directed to deposit the good faith check of the successful bidder. All actions of the mayor and the clerk and Public Financial Management, Inc., independent financial advisor to the City, taken with regard to the sale of the Notes are hereby ratified and approved.

Section 2. Terms, Execution and Delivery of the Notes.

2.01 The Notes to be issued hereunder shall be dated the date of delivery, as the date of original issue, shall be issued in the denomination of \$5,000 each, or any integral multiple thereof, in fully registered form and lettered and numbered R-1 and upward. The Notes shall mature on February 1 in the respective years and amounts stated and shall bear interest as follows:

Year	Amount	Interest Rate
2014	\$605,000	3.00%
2015	640,000	3.00%
2016	660,000	3.00%
2017	675,000	3.00%
2018	695,000	3.00%

2.02 The Notes are not subject to redemption and prepayment before maturity.

2.03 The interest shall be payable semiannually on February 1 and August 1 and in each year (each referred to herein as an "Interest Payment Date"), commencing August 1, 2013. Interest will be computed on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board. The Bond Registrar designated below shall make all interest payments with respect to the Notes by check or draft mailed to the registered owners of the Notes shown on the bond registration records maintained by the Bond Registrar at the close of business on the 15th day (whether or not a business day) of the month next preceding the Interest Payment Date at such owners' addresses shown on such bond registration records.

2.04 The Notes shall be prepared for execution in accordance with the approved form and shall be signed by the manual or facsimile signature of the mayor and attested by the manual or facsimile signature of the city clerk. In case any officer whose signature or a facsimile of whose signature shall appear on the Notes shall cease to be an officer before delivery of the Notes, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, as if he or she had remained in office until delivery. The city clerk is authorized and directed to obtain a copy of the proposed approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota, which is to be complete and cause the opinion to be attached to each Note.

2.05 The city council hereby appoints Wells Fargo Bank, National Association, in Minneapolis, Minnesota, as registrar, authenticating agent, paying agent and transfer agent for the Notes (such bank or its successor is herein referred to as the "Bond Registrar"). To provide for the Bond Registrar services, the mayor and the clerk are authorized and directed to execute a bond registrar/paying agent agreement substantially in the form of the agreement

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currently on file in the office of the city clerk as Public Document No. 04-0219-02. No Note shall be valid or obligatory for any purpose until the Bond Registrar's authentication certificate on such Note, substantially set forth in Section 2.11 hereof, shall have been duly executed by an authorized representative of the Bond Registrar. Authentication certificates on different Notes need not be signed by the same representative. The manual signature of one officer of the City or the executed authentication certificate on each Note shall be conclusive evidence that it has been authenticated and delivered under this resolution.

2.06 (a) In order to make the Notes eligible for the services provided by The Depository Trust Company, New York, New York ("DTC"), the City has previously agreed to the applicable provisions set forth in the blanket issuer letter of representations which has been executed by the City and DTC (the "Representation Letter");

(b) Notwithstanding any provision herein to the contrary, so long as the Notes shall be in Book-Entry Form, the provisions of this Section 2.06 shall govern;

(c) All of the Notes shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest on and principal of any Bond registered in the name of Cede & Co. shall be made by wire transfer or New York Clearing House or equivalent same day funds by 10:00 a.m. CT or as soon as possible thereafter following the Bond Registrar's receipt of funds from the City on each Interest Payment Date to the account of Cede & Co. on each Interest Payment Date at the address indicated in or pursuant to the Representation Letter;

(d) DTC (or its nominees) shall be and remain recorded on the Bond Register as the holder of all Notes which are in Book-Entry Form. No transfer of any Bond in Book-Entry Form shall be made, except from DTC to another depository (or its nominee) or except to terminate the Book-Entry Form. All Notes of such stated maturity of any Notes in Book-Entry Form shall be issued and remain in a single note certificate registered in the name of DTC (or its nominee); provided, however, that upon termination of the Book-Entry Form pursuant to the Representation Letter, the City shall, upon delivery of all Notes of such series from DTC, promptly execute, and the Bond Registrar shall thereupon authenticate and deliver, Notes of such series to all persons who were beneficial owners thereof immediately prior to such termination; and the Bond Registrar shall register such beneficial owners as holders of the applicable Notes.

The Bond Registrar shall maintain accurate books and records of the principal balance, if any, of each such outstanding Note in Book-Entry Form, which shall be conclusive for all purposes whatsoever. Upon the authentication of any new note in Book-Entry Form in exchange for a previous note, the Bond Registrar shall designate thereon the principal balance remaining on such note according to the Bond Registrar's books and records.

No beneficial owner (other than DTC) shall be registered as the holder on the Bond Register for any Note in Book-Entry Form or entitled to receive any note certificate. The beneficial ownership interest in any Note in Book-Entry Form shall be recorded, evidenced and transferred solely in accordance with the Book-Entry System.

Except as expressly provided to the contrary herein, the City and the Bond Registrar may treat and deem DTC to be the absolute owner of all Notes of each series which are in Book-Entry Form (i) for the purpose of payment of the principal of and interest on such Note, (ii) for the purpose of giving notices hereunder, and (iii) for all other purposes whatsoever;

(e) The City and the Bond Registrar shall each give notices to DTC of such matters and at such times as are required by the Representation Letter, including the following:

(i) with respect to notices of redemption; and

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(ii) with respect to any other notice required or permitted under this Bond Resolution to be given to any holder of a Note.

All notices of any nature required or permitted hereunder to be delivered to a holder of a Note in Book-Entry Form shall be transmitted to beneficial owners of such Notes at such times and in such manners as shall be determined by DTC, the participants and indirect participants in accordance with the Book-Entry System and the Representation Letter;

(f) All payments of principal, redemption price of and interest on any Notes in Book-Entry Form shall be paid to DTC (or Cede & Co.) in accordance with the Book-Entry System and the Representation Letter in same day funds by wire transfer.

2.07 The City shall cause to be kept by the Bond Registrar a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the City shall provide for the registration of the Notes and the registration of transfers of the Notes entitled to be registered or transferred as herein provided. In the event of the resignation or removal of the Bond Registrar or its incapability of acting as such, the bond registration records shall be maintained at the office of the successor Bond Registrar as may be appointed by the city council. Upon surrender for transfer of any Note at the principal corporate office of the Bond Registrar, the City shall execute and the Bond Registrar shall authenticate, if required by law or this resolution, and deliver, in the name(s) of the designated transferee or transferees, one or more new Notes of the like aggregate principal amount, as requested by the transferor.

2.08 Each Note delivered upon transfer of or in exchange for or in lieu of any other Note shall carry all of the rights to interest, accrued and unpaid and to accrue, which are carried by such other Note. Each Note shall be dated by the Bond Registrar as of the date of its authentication. The City and the Bond Registrar shall not be required to make any transfer or exchange of any Notes called for redemption or to make any such exchange or transfer of the Notes during the 15 days next preceding the date of the first publication of the notice of redemption in the case of a proposed redemption of the Notes.

2.09 The City and the Bond Registrar may treat the person in whose name any Note is registered as the owner of such Note for the purpose of receiving payment of principal of and interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and neither the City nor the Bond Registrar shall be affected by notice to the contrary.

2.10 The principal of and interest on the Notes shall be payable by the Bond Registrar, as paying agent, in such funds as are legal tender for the payment of debts due the United States of America. The City shall pay the reasonable and customary charges of the Bond Registrar for the disbursement of principal and interest.

2.11 The Notes shall be printed or typewritten in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF ST. LOUIS

CITY OF DULUTH

GENERAL OBLIGATION CAPITAL EQUIPMENT NOTE, SERIES 2012C

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\$_____

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Interest Rate	Maturity Date	Date of Original Issue	CUSIP
	February 1, ____	November __, 2012	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The City of Duluth, in St. Louis County, Minnesota (the "City"), for value received, promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above on the maturity date specified above, and to pay interest on said principal amount to the registered owner hereof from the Date of Original Issue, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, until the principal amount is paid or discharged, said interest being at the rate per annum specified above. Interest is payable semiannually on February 1 and August 1 of each year (each referred to herein as an "Interest Payment Date") commencing on August 1, 2013. Both principal and interest are payable in lawful money of the United States of America by check or draft at the office of Wells Fargo Bank, National Association, in Minneapolis, Minnesota, as the registrar, paying agent, transfer agent and authenticating agent (the "Bond Registrar"), or at the office of such successor bond registrar as may be designated by the city council. The Bond Registrar shall make the interest payment with respect to this Note on the Interest Payment Date directly to the registered owner hereof shown on the bond registration records maintained on behalf of the City by the Bond Registrar at the close of business on the 15th day of the month next preceding the Interest Payment Date (whether or not a business day), at such owner's address shown on said bond registration records, without, except for payment of principal on the Note, the presentation or surrender of this Note, and all such payments shall discharge the obligations of the City to the extent of the payments so made. Payment of principal shall be made upon presentation and surrender of this Note to the Bond Registrar when due. For the prompt and full payment of such principal and interest as they become due, the full faith and credit of the City are irrevocably pledged.

This Note is one of a series issued by the City in the aggregate amount of \$3,275,000, all of like date and tenor, except as to number, amount, maturity date and interest rate, pursuant to the authority contained in Minnesota Statutes, Sections 410.32(g) and 412.301 and Chapter 475, the City Charter and all other laws thereunto enabling, and pursuant to an authorizing resolution adopted by the governing body of the City on November 8, 2012 (the "Resolution"), and is issued for the purpose of providing money, together with other available funds, for the purchase of capital equipment. The City has levied a direct, annual ad valorem tax upon all taxable property within the City which shall be extended upon the tax rolls for the years and in the amounts sufficient to produce sums not less than five percent in excess of the amounts of principal and interest on the Notes, as such principal and interest respectively come due. The Notes are not subject to redemption and prepayment before maturity.

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The Notes of this series are issued as fully registered obligations without coupons, in the denomination of \$5,000 or any integral multiple thereof. Subject to limitations set forth in the Resolution, this Note is transferable by the registered owner hereof upon surrender of this Note for transfer at the principal corporate office of the Bond Registrar, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Bond Registrar and executed by the registered owner hereof or the owner's attorney duly authorized in writing. Thereupon the City shall execute and the Bond Registrar shall authenticate, if required by law and this Resolution, and deliver, in exchange for this Note, one or more new fully registered Notes in the name of the transferee, of an authorized denomination, in an aggregate principal amount equal to the unpaid principal amount of this Note, of the same maturity and bearing interest at the same rate.

IT IS CERTIFIED AND RECITED that all acts and conditions required by the Constitution and laws of the State of Minnesota to be done, and to exist precedent to and in the issuance of this Note in order to make it a valid and binding general obligation of the City in accordance with its terms, have been done and do exist in form, time, and manner as so required; that all taxable property within the corporate limits of the City is subject to the levy of ad valorem taxes to the extent needed to pay the principal hereof and the interest thereon when due, without limitation as to rate or amount; and that the issuance of this Note does not cause the indebtedness of the City to exceed any constitutional or statutory limitation.

This Note shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Bond Registrar's Authentication Certificate hereon shall have been executed by the Bond Registrar by one of its authorized representatives.

IN WITNESS WHEREOF, the city of Duluth, by its city council, has caused this Note to be executed in its name by the facsimile signatures of the mayor and the city clerk.

Attest:

City Clerk

Mayor

Date of Authentication: _____

BOND REGISTRAR'S AUTHENTICATION CERTIFICATE

The Bond Registrar confirms that the books reflect the ownership of a Note registered in the name of the owner named above, in the principal amount stated above, and this Note is one of the Notes of the series issued pursuant to the Resolution hereinabove described.

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WELLS FARGO BANK, NATIONAL ASSOCIATION
Bond Registrar

By _____
Authorized Representative

REGISTRATION CERTIFICATE

This Note must be registered as to both principal and interest in the name of the owner on the books to be kept by Wells Fargo Bank, National Association, as Bond Registrar. No transfer of this Note shall be valid unless made on said books by the registered owner or the owner's attorney thereunto duly authorized and similarly noted on the registration books. The ownership of the unpaid principal balance of this Note and the interest accruing thereon is registered on the books of Wells Fargo Bank, National Association, as Bond Registrar, in the name of the registered owner last noted below.

Date	Registered Owner	Signature of Bond Registrar
11/___/2012	Cede & Co. c/o The Depository Trust Company 55 Water Street New York, NY 10041 Federal Taxpayer I.D. No.: 13- 2555119	_____

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers
unto _____

(Name and Address of Assignee)

Social Security or Other
Identifying Number of Assignee

the within Note and all rights thereunder and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Note on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____.

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NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

(Bank, Trust Company, member of National Securities Exchange)

Unless this Note is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City or its agent for registration of transfer, exchange, or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Section 3. Covenants, Accounts and Representations.

3.01 The City has created a separate acquisition account within the Capital Equipment Fund 250 to which there shall be credited \$3,489,000 from the proceeds for the Notes, together with any additional funds which may be available and are appropriated for the capital equipment purchase program. This account shall be used only to pay or reimburse other City funds or accounts for "capital equipment," as described in Minnesota Statutes, Section 412.301, with an expected useful life of at least the term of the Notes, and costs of issuance of the Notes, as such payments become due. The City's intent is to acquire and finance the capital equipment listed in the Intent Resolution with the proceeds of the Notes.

3.02 (a) There shall be and is hereby levied a direct, annual, ad valorem tax upon all taxable property within the City, which shall be extended upon the tax rolls for the years and in amounts sufficient to produce sums not less than five percent in excess of the amounts of principal and interest on the Notes as such principal and interest respectively become due as follows:

Levy Year	Collection Year	Tax Levy
2012	2013	\$756,753
2013	2014	756,105
2014	2015	756,945
2015	2016	751,905
2016	2017	751,643

(b) A separate debt service account is hereby created and designated as the "2012 G.O. Capital Equipment Notes Debt Service Account" (the "Debt Service Fund") within the City's debt service fund. The money in the Debt Service Fund shall be used for no purpose other than the payment of principal and interest on the Notes; provided, however, that

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if any payment of principal or interest shall become due when there is not sufficient money in the Debt Service Fund, the treasurer shall pay the same from any other funds of the City and said funds shall be reimbursed for such advance out of the proceeds of the taxes hereinafter levied when collected. Into the Debt Service Fund shall be credited the amount of accrued interest, if any, and the rounding amount (\$2,373.40) paid by the Purchaser upon closing and delivery of the Notes.

3.03 If the balance in the Debt Service Fund is ever insufficient to pay all principal and interest then due on the Notes, the treasurer shall nevertheless provide sufficient money from any other funds of the City which are available for that purpose, and such other funds shall be reimbursed from the Debt Service Fund when the balance therein is sufficient. All proceeds of said taxes will be appropriated and paid when collected into the Debt Service Fund. Said taxes shall be irrevocable until the Notes and interest are fully paid, except that if the City in any year shall make an irrevocable appropriation to said accounts of monies actually on hand, the city clerk shall certify to the county auditor of St. Louis County the fact and the amount thereof, and the county auditor shall reduce by the amount so certified the amount otherwise to be included in the rolls next thereafter prepared.

3.04 The full faith and credit and taxing power of the City are irrevocably pledged for the prompt and full payment of the Notes and the interest thereon, in accordance with the terms set forth in this resolution.

3.05 Proceeds of the Notes on deposit in the acquisition account created in Section 3.01 and in the Debt Service Fund may, in the discretion of the city treasurer, be invested in securities permitted by Minnesota Statutes, Section 118A; provided, that any such investment shall mature at such time and in such amounts as will permit the payment of costs for the equipment purchases and/or payment of the principal and interest on the Notes when due.

Section 4. Tax Covenants.

4.01 The City covenants and agrees with the holders of the Notes that the City will (i) take all action on its part necessary to assure that the interest on the Notes will be excluded from gross income for federal income taxes including, without limitations, restricting, to the extent necessary, the yield on investments made with the proceeds of the Notes and investment earnings thereon, making required payments to the federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Notes to be subject to federal income taxes, including, without limitation, refraining from spending the proceeds of the Notes and investment earnings thereon on certain specified purposes.

4.02 (a) No portion of the proceeds of the Notes shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (i) for a reasonable temporary period until such proceeds are needed for the purpose for which the Notes were issued, and (ii) in addition to the above, in an amount not greater than the lesser of five percent of the proceeds of the Notes or \$100,000. To this effect, any proceeds of the Notes and any sums from time to time held in the Debt Service Fund (or any other City account which will be used to pay principal and interest to become due on the Notes) in excess of amounts which under the applicable federal arbitrage regulations may be invested without regard as to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by the arbitrage regulations on such investments after taking into account any applicable temporary periods of minor portion made available under the federal arbitrage regulations;

(b) In addition, the proceeds of the Notes and money in the Debt Service Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by

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the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Notes to be federally guaranteed within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code");

(c) The City hereby covenants not to use the proceeds of the Notes, or to cause or permit them to be used, in such a manner as to cause the Notes to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

4.03 (a) Pursuant to Section 1.148-7(d) of the Treasury Regulations, relating to exception from rebate, the City hereby represents that with respect to the gross proceeds of the Notes, the following schedule is expected to be met: (i) at least 15% of the gross proceeds of the Notes will be allocated to expenditures for the governmental purpose of the Notes within six months of the date of issue of the Notes; (ii) at least 60% of such proceeds will be allocated for such purposes within the one year period of such date; and (iii) 100% of such proceeds will be allocated for such purposes within the 18 month period beginning on such date; subject to an exception for reasonable retainage of 5% of the available proceeds of the Notes, and that 100% of the available proceeds of the Notes will be allocated within 30 months from the date of issue of the Notes;

(b) The City shall use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designation made by this section.

4.04 In addition to the Notes, the City is selling, pursuant to a single offering document and on the same date, the following tax-exempt obligations: General Obligation Street Improvement Refunding Bonds, Series 2012D (the "Series 2012D Bonds"), and General Obligation Sewer Utility Revenue Refunding Bonds, Series 2012E (the "Series 2012E Bonds"). The Notes will not be paid out of substantially the same source of funds as the Series 2012E Bonds; consequently, the Notes will not be combined with the Series 2012E Bonds for a single issue. However, the Notes and the Series 2012D Bonds are expected to be paid from substantially the same source of funds and are an issue under Treasury Regulations Section 1.150-1(c).

Section 5. Continuing Disclosure. The City acknowledges that the Notes are subject to the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 C.F.R. §240.15c2-12) (the "Rule"). The Rule governs the obligations of certain underwriters to require that issuers of municipal bonds enter into agreements for the benefit of the bondholders to provide continuing disclosure with respect to the Notes. To provide for the public availability of certain information relating to the Notes and the security therefor and to permit underwriters of the Notes to comply with the Rule, which will enhance the marketability of the Notes, the mayor and the clerk are hereby authorized and directed to execute a continuing disclosure certificate substantially in the form of the certificate on file in the office of the city clerk as Public Document No. 12-1108-01.

Section 6. Certificate of Proceedings.

6.01 The city clerk is directed to file in the office of the county auditor of St. Louis County a certified copy of this resolution, and such other information as the county auditor may require, and to obtain from the county auditor and provide to bond counsel a certificate stating that the Notes herein authorized have been duly entered on the county auditor's register.

6.02 The officers of the City are authorized and directed to prepare and furnish to the Purchaser and to bond counsel certified copies of all proceedings and records of the City pertaining to the authorization, issuance, and sale of the Notes and such other affidavits and certificates as may reasonably be required to show the facts relating to the legality and marketability of the Notes, as such facts appear from the official books and records of the

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officers' custody or are otherwise known. All such certified copies, certificates, and affidavits, including any heretofore furnished, constitute representations of the City as to the correctness of facts recited therein and the actions stated therein to have been taken.

6.03 The mayor and the city clerk 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 Notes 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 for the date of the official statement.

6.04 In the event of the absence or disability of the mayor or the city clerk, such officers as in the opinion of the City attorney, may act in their behalf, shall without further act or authorization, execute and deliver the Notes, and do all things and execute all instruments and documents required to be done or executed by such absent or disabled officers.

Resolution 12-0555 was adopted upon the following vote:

Yeas: Councilors Boyle, Gardner, Julsrud, Krause, Krug, Larson and President Hartman -- 7

Nays: Councilor Stauber -- 1

Absent: Councilor Fosle -- 1

Approved November 8, 2012

DON NESS, Mayor

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BE IT RESOLVED, by the city council (the "City Council") of the city of Duluth, St. Louis County, Minnesota (the "City"), as follows:

Section 1. Bond purpose and authorization.

1.01 The City previously issued \$3,515,000 General Obligation Sewer Utility Revenue Bonds, Series 2005F, dated December 19, 2005 (the "2005 Bonds"). The 2005 Bonds were authorized and issued pursuant to Section 55 of the City Charter, Minnesota Statutes, Section 115.46 and 444.075 and Chapter 475 and other pertinent provisions of Minnesota Statutes.

1.02 Under and pursuant to the provisions of Minnesota Statutes, Chapter 475 (the "Act") and, specifically, Section 475.67, Subdivisions 1 through 12 of the Act, the City is authorized to issue and sell its general obligation bonds to refund certain maturities of the 2005 Bonds in advance of their scheduled maturities, if consistent with covenants made with the holders thereof, when determined by the City to be necessary or desirable for the reduction of debt service cost to the City or for the extension or adjustment of maturities in relation to the resources available for their payment.

1.03 The City Council hereby determines that it is necessary, expedient and in the best interest of the City's residents that the City issue, sell and deliver its \$2,000,000 General Obligation Sewer Utility Revenue Refunding Bonds, Series 2012E (the "Bonds"), to refund the outstanding 2005 Bonds maturing on and after February 1, 2015, of which \$1,920,000 in principal amount is outstanding (the "Refunded Bonds"), in order to reduce debt service cost to the City. The 2005 Bonds maturing on and after February 1, 2015, are subject to prepayment and redemption on February 1, 2014. (February 1, 2014 is herein referred to as the "Redemption Date.") The 2005 Bonds maturing on February 1, 2013 and February 1, 2014, are not being prepaid or defeased (the "Unrefunded Portion of the 2005 Bonds").

1.04 The City's plan of finance for the payment and prepayment of the 2005 Bonds is as follows:

(a) The February 1, 2013 and the February 1, 2014 maturities of the 2005 Bonds shall remain outstanding and interest thereon on February 1, 2013, on August 1, 2013, and on February 1, 2014, shall not be defeased pursuant to this Resolution and the Escrow

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Agreement. The City will pay from the debt service account for the 2005 Bonds the principal of and interest due on the Unrefunded Portion of the 2005 Bonds when due. Proceeds of the Bonds shall be deposited in the Escrow Account held under the Escrow Agreement described in Section 4 and Section 5.04, which together with investment earnings thereon, will be sufficient to pay (i) interest on the Refunded Bonds due on February 1, 2013, on August 1, 2013, and on February 1, 2014; and (ii) the redemption and prepayment of the Refunded Bonds on the Redemption Date.

(b) Proceeds of the Bonds, and interest thereon, will provide the funds to pay the interest on the Refunded Bonds on February 1, 2013, on August 1, 2013, and on February 1, 2014, and to prepay and redeem the principal of the Refunded Bonds on the Redemption Date.

1.05 The city has heretofore issued and sold the following: general obligation sewer utility revenue note dated December 12, 2003, now outstanding in the amount of \$540,000; general obligation sewer utility revenue bonds dated December 1, 2004, now outstanding in the amount of \$265,000; general obligation sewer utility revenue bonds dated December 19, 2005, now outstanding in the amount of \$2,370,000; general obligation utilities revenue bonds dated December 19, 2006, the sewer utility portion of such bonds now outstanding in the amount of \$690,000; general obligation sewer utility revenue note dated July 12, 2007, now outstanding in the amount of \$1,489,000; general obligation sewer utility revenue bonds dated December 13, 2007, now outstanding in the amount of \$1,675,000; general obligation water and sewer utility revenue refunding bonds dated December 13, 2007, the sewer utility portion of such bonds now outstanding in the amount of \$640,000; general obligation utilities revenue bonds dated February 19, 2009, the sewer utility portion of such bonds now outstanding in the amount of \$1,206,000; general obligation sewer utility revenue note dated August 3, 2009, now outstanding in the amount of \$669,000; general obligation sewer utility revenue note dated December 16, 2009, now outstanding in the amount of \$2,087,000; general obligation utilities revenue bonds dated December 17, 2009, the sewer utility portion of such bonds now outstanding in the amount of \$1,330,143; general obligation sewer utility revenue notes dated September 14, 2010, now outstanding in the amounts of \$7,241,097 and \$3,295,000; general obligation utilities revenue refunding bonds dated November 23, 2010, the sewer utility portion of such bonds now outstanding in the amount of \$1,765,267; general obligation sewer utility revenue refunding bonds dated November 29, 2011, now outstanding in the amount of \$2,265,000; general obligation sewer utility revenue notes dated November 29, 2011, now outstanding in the amounts of \$58,391 and \$102,449; and general obligation sewer utility revenue note dated December 21, 2011, now outstanding in the amount of \$69,121.

Under the provisions of the ordinances authorizing said bonds and notes, the city reserved the privilege of issuing additional bonds and notes payable from said net revenues on a parity with the bonds and notes dated December 12, 2003, December 1, 2004, December 19, 2005, December 19, 2006, July 12, 2007, December 13, 2007, February 19, 2009, August 3, 2009, December 16, 2009, December 17, 2009, September 14, 2010, November 23, 2010, November 29, 2011, and December 21, 2011.

1.06 Public Financial Management, Inc., financial consultant to the City, has given notification by mail, facsimile or electronic data transmission to at least five firms determined by Public Financial Management, Inc. to be prospective bidders on the Bonds at least two days (omitting Saturdays, Sundays and legal holidays) before the date set for receipt of bids on the Bonds. All actions of the mayor, the clerk and Public Financial Management, Inc. taken with regard to the sale of the Bonds are hereby ratified and approved.

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1.07 Pursuant to such solicitation for bids for the sale of the Bonds, the City Council has received and considered all bids presented pursuant to the official terms of offering and has determined that the most favorable bid is that of Robert W. Baird & Co., Inc. of Milwaukee, Wisconsin (the "Purchaser"), to purchase the Bonds at a cash price of \$2,066,636.25, upon condition that the Bonds mature and bear interest at the times and annual rates set forth in Section 2. The City, after due consideration, finds such offer reasonable and proper and the offer of the Purchaser is hereby accepted. The mayor and the city clerk are authorized and directed to execute on the part of the City a contract for the sale of the Bonds in accordance with the Purchaser's bid. The city treasurer is directed to deposit the good faith check of the successful bidder.

Section 2. Terms of the Bonds.

2.01 The Bonds shall be dated as of the date of delivery, as the date of original issue, shall be issued in the denomination of \$5,000, or any integral multiple thereof, in fully registered form and lettered and numbered R-1 and upward. The Bonds shall mature on February 1 in the respective years and amounts and shall bear interest at the annual rates stated as follows:

Year	Amount	Interest Rate
2015	\$265,000	2.00%
2016	270,000	2.00%
2017	280,000	2.00%
2018	290,000	2.00%
2019	290,000	2.00%
2020	300,000	2.00%
2021	305,000	2.00%

2.02 The Bonds are not subject to optional redemption and prepayment prior to maturity.

2.03 The interest shall be payable semiannually on February 1 and August 1 in each year (each herein referred to as an "Interest Payment Date") commencing on August 1, 2013. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board. The Bond Registrar appointed below shall make all interest payments with respect to the Bonds by check or draft mailed to the registered owners of the Bonds shown on the bond registration records maintained by the Bond Registrar at the close of business on the 15th day (whether or not on a business day) of the month next preceding the Interest Payment Date at such owners' addresses shown on such bond registration records.

2.04 (a) The Bonds shall be prepared for execution in accordance with the approved form and shall be signed by the manual or facsimile signature of the mayor and attested by the manual or facsimile signature of the clerk. The corporate seal of the City may be omitted as permitted by law. In case any officer whose signature shall appear on the Bonds shall cease to be an officer before delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes, as if he or she had remained in office until delivery;

(b) The clerk is authorized to obtain a copy of the proposed approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A. of Duluth, Minnesota, and cause the opinion to be attached to each Bond.

2.05 The City hereby appoints Wells Fargo Bank, National Association, in Minneapolis, Minnesota, as registrar, authenticating agent, paying agent and transfer agent for

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the Bonds (such bank or its successor is herein referred to as the "Bond Registrar"). To provide for the Bond Registrar services, the mayor and the clerk are authorized and directed to execute a bond registrar/paying agent agreement substantially in the form of the agreement currently on file in the office of the city clerk as Public Document No. 04-0219-02. No Bond shall be valid or obligatory for any purpose until the Bond Registrar's authentication certificate on such Bond, substantially set forth in Section 3.01 hereof, shall have been duly executed by an authorized representative of the Bond Registrar. Authentication certificates on different Bonds need not be signed by the same representative. The manual signature of one officer of the City or the executed authentication certificate on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

2.06 (a) In order to make the Bonds eligible for the services provided by DTC, the City has previously agreed to the applicable provisions set forth in the blanket issuer letter of representations which has been executed by the City and DTC (the "Representation Letter");

(b) Notwithstanding any provision herein to the contrary, so long as the Bonds shall be in Book-Entry Form, the provisions of this Section 2.06 shall govern;

(c) All of the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest on and principal of any Bond registered in the name of Cede & Co. shall be made by wire transfer or New York Clearing House or equivalent same day funds by 10:00 a.m. CT or as soon as possible thereafter following the Bond Registrar's receipt of funds from the City on each Interest Payment Date to the account of Cede & Co. on each Interest Payment Date at the address indicated in or pursuant to the Representation Letter;

(d) DTC (or its nominees) shall be and remain recorded on the Bond Register as the holder of all Bonds which are in Book-Entry Form. No transfer of any Bond in Book-Entry Form shall be made, except from DTC to another depository (or its nominee) or except to terminate the Book-Entry Form. All Bonds of such stated maturity of any Bonds in Book-Entry Form shall be issued and remain in a single Bond certificate registered in the name of DTC (or its nominee); provided, however, that upon termination of the Book-Entry Form pursuant to the Representation Letter, the City shall, upon delivery of all Bonds of such series from DTC, promptly execute, and the Bond Registrar shall thereupon authenticate and delivery, Bonds of such series to all persons who were beneficial owners thereof immediately prior to such termination; and the Bond Registrar shall register such beneficial owners as holders of the applicable Bonds.

The Bond Registrar shall maintain accurate books and records of the principal balance, if any, of each such outstanding Bond in Book-Entry Form, which shall be conclusive for all purposes whatsoever. Upon the authentication of any new Bond in Book-Entry Form in exchange for a previous Bond, the Bond Registrar shall designate thereon the principal balance remaining on such bond according to the Bond Registrar's books and records.

No beneficial owner (other than DTC) shall be registered as the holder on the Bond Register for any Bond in Book-Entry Form or entitled to receive any bond certificate. The beneficial ownership interest in any Bond in Book-Entry Form shall be recorded, evidenced and transferred solely in accordance with the Book-Entry System.

Except as expressly provided to the contrary herein, the City and the Bond Registrar may treat and deem DTC to be the absolute owner of all Bonds of each series which are in Book-Entry Form (i) for the purpose of payment of the principal of and interest on such Bond, (ii) for the purpose of giving notices hereunder, and (iii) for all other purposes whatsoever;

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(e) The City and the Bond Registrar shall each give notices to DTC of such matters and at such times as are required by the Representation Letter, including the following:

(i) with respect to notices of redemption; and

(ii) with respect to any other notice required or permitted under this Bond Resolution to be given to any holder of a Bond.

All notices of any nature required or permitted hereunder to be delivered to a holder of a Bond in Book-Entry Form shall be transmitted to beneficial owners of such Bonds at such times and in such manners as shall be determined by DTC, the participants and indirect participants in accordance with the Book-Entry System and the Representation Letter;

(f) All payments of principal, redemption price of and interest on any Bonds in Book-Entry Form shall be paid to DTC (or Cede & Co.) in accordance with the Book-Entry System and the Representation Letter in same day funds by wire transfer.

2.07 The City shall cause to be kept by the Bond Registrar a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the City shall provide for the registration of the Bonds and the registration of transfers of the Bonds entitled to be registered or transferred as herein provided. In the event of the resignation or removal of the Bond Registrar or its incapability of acting as such, the bond registration records shall be maintained at the office of the successor Bond Registrar as may be appointed by the City Council. Upon surrender for transfer of any Bond at the principal corporate office of the Bond Registrar, the City shall execute and the Bond Registrar shall authenticate, if required by law or this Resolution, and deliver, in the name(s) of the designated transferee or transferees, one or more new Bonds of the like aggregate principal amount, as requested by the transferor.

2.08 Each Bond delivered upon transfer of or in exchange for or in lieu of any other Bond shall carry all of the rights to interest, accrued and unpaid and to accrue, which are carried by such other Bond. Each Bond shall be dated by the Bond Registrar as of the date of its authentication. The City and the Bond Registrar shall not be required to make any transfer or exchange of any Bonds called for redemption or to make any such exchange or transfer of the Bonds during the 15 days next preceding the date of the mailing of the notice of redemption in the case of a proposed redemption of the Bonds.

2.09 The City and the Bond Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and interest on such Bond and for all other purposes whatsoever, whether or not such Bond be overdue, and neither the City nor the Bond Registrar shall be affected by notice to the contrary.

2.10 The principal of and interest on the Bonds shall be payable by the Bond Registrar, as paying agent, in such funds as are legal tender for the payment of debts due the United States of America. The City shall pay the reasonable and customary charges of the Bond Registrar for the disbursement of principal and interest.

2.11 Delivery of the Bonds and payment of the purchase price shall be made at a place mutually satisfactory to the City and the Purchaser. Printed or typewritten and executed Bonds shall be furnished by the City without cost to the Purchaser. The Bonds, when prepared in accordance with this Resolution and executed, shall be delivered by or under the direction of the treasurer to the Purchaser upon receipt of the purchase price plus accrued interest.

Section 3. Form of the Bonds.

3.01 The Bonds shall be printed or typewritten in substantially the following form:

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UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF ST. LOUIS

CITY OF DULUTH
GENERAL OBLIGATION SEWER UTILITY REVENUE REFUNDING BOND
SERIES 2012E

R-___ \$_____

Interest Rate	Maturity Date	Date of Original Issue	CUSIP
	February 1, ____	November __, 2012	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS

The City of Duluth, in St. Louis County, Minnesota (the "City"), for value received, promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above, and to pay interest on said principal amount to the registered owner hereof from the Date of Original Issue, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, until the principal amount is paid or discharged, said interest being at the interest rate per annum specified above. Interest is payable semiannually on February 1 and August 1 of each year (each referred to herein as an "Interest Payment Date") commencing on August 1, 2013. Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the main office of Wells Fargo Bank, National Association of Minneapolis, Minnesota, as registrar, paying agent, authenticating agent and transfer agent (the "Bond Registrar"), or at the office of such successor bond registrar as may be designated by the City. The Bond Registrar shall make all interest payments with respect to this Bond directly to the registered owner hereof shown on the bond registration records maintained on behalf of the City by the Bond Registrar at the close of business on the 15th day of the month next preceding the Interest Payment Date (whether or not a business day) at such owner's address shown on said bond registration records, without, except for payment of principal on the Bond, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the City to the extent of the payments so made. Payment of principal shall be made upon presentation and surrender of this Bond to the Bond Registrar when due. For the prompt and full payment of such principal and interest as they become due, the full faith and credit of the City are irrevocably pledged.

This Bond is one of a series issued by the City in the aggregate amount of \$2,000,000, all of like original issue date and tenor, except as to number, maturity date, denomination and interest rate, pursuant to: (i) the authority

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contained in Minnesota Statutes, Chapter 475, Section 475.67, Subdivisions 1 through 12 and Section 55 of the Home Rule Charter of the City and all other laws and Charter provisions thereunto enabling; and (ii) an authorizing resolution adopted by the governing body of the City on November 8, 2012 (the "Resolution"), for the purpose of providing money to refund in advance of maturity the outstanding principal amount of the City's General Obligation Sewer Utility Revenue Bonds, Series 2005F, dated December 19, 2005, maturing on and after February 1, 2015.

The Bonds are payable from the net revenues to be derived from the operation of the municipal sewer utility of the City, as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred. In the Resolution, the City has pledged and appropriated the net revenues to be derived from the operation of the municipal sewer utility in excess of normal, reasonable and current costs of the operation and maintenance of the utility, for the payment of the principal and interest when due on the Bonds, and has covenanted and agreed that it will impose and collect just and equitable charges for all use and for the availability of all facilities of the municipal sewer utility at the times and in the amounts required to pay the normal, reasonable and current expenses of operating and maintaining such facilities, and also to produce net revenues at least adequate at all times to pay the principal and interest due on the Bonds.

The Bonds are not subject to optional redemption and prepayment prior to maturity.

The Bonds of this series are issued as fully registered bonds without coupons, in the denomination of \$5,000 or any integral multiple thereof. Subject to limitations set forth in the Resolution, this Bond is transferable by the registered owner hereof upon surrender of this Bond for transfer at the principal corporate office of the Bond Registrar, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Bond Registrar and executed by the registered owner hereof or the owner's attorney duly authorized in writing. Thereupon the City shall execute and the Bond Registrar shall authenticate and deliver, in exchange for this Bond, one or more new fully registered Bonds in the name of the transferee, of an authorized denomination, in an aggregate principal amount equal to the principal amount of this Bond, of the same maturity, and bearing interest at the same rate.

IT IS CERTIFIED AND RECITED that all acts and conditions required by the Charter of the City and by the laws and the Constitution of the State of Minnesota to be done, and to exist precedent 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 and do exist in form, time, and manner as so required; that all taxable property within the corporate limits of the City is subject to the levy of ad valorem taxes to the extent needed to pay the principal hereof and the interest hereon when due, without limitation as to rate or amount; and that the

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issuance of this Bond does not cause the indebtedness of the City to exceed any constitutional, statutory or charter limitation.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Bond Registrar's Authentication Certificate hereon shall have been executed by the Bond Registrar by one of its authorized representatives.

IN WITNESS WHEREOF, the City of Duluth, in St. Louis County, Minnesota, by its City Council, has caused this Bond to be executed in its name by the facsimile signatures of the mayor and the clerk.

ATTEST:

Clerk

Mayor

Date of Authentication: _____

BOND REGISTRAR'S AUTHENTICATION CERTIFICATE

The Bond Registrar confirms that the books reflect the ownership of the Bond registered in the name of the owner named above in the principal amount and maturity date stated above and this Bond is one of the Bonds of the series issued pursuant to the Resolution hereinabove described.

WELLS FARGO BANK, NATIONAL ASSOCIATION
Bond Registrar

By _____
Authorized Representative

REGISTRATION CERTIFICATE

This Bond must be registered as to both principal and interest in the name of the owner on the books to be kept by Wells Fargo Bank, National Association, of Minneapolis, Minnesota, as Bond Registrar. No transfer of this Bond shall be valid unless made on said books by the registered owner or the owner's attorney thereunto duly authorized and similarly noted on the registration books. The ownership of the unpaid principal balance of this Bond and the interest accruing thereon is registered on the books of Wells Fargo Bank, National Association as Bond Registrar, in the name of the registered owner last noted below.

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Date	Registered Owner	Signature of Bond Registrar
11/___/2012	Cede & Co. c/o The Depository Trust Company 55 Water Street New York, NY 10041 Federal Taxpayer I.D. No.: 13-2555119	_____

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Name and Address of Assignee)

_____ Social Security or Other
_____ Identifying Number of Assignee

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 thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

(Bank, Trust Company, member of
National Securities Exchange)

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City or its agent for registration of transfer, exchange, or payment, and any bond issued is registered

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in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Section 4. Escrow Agreement; Escrow Agent.

4.01 Wells Fargo Bank, National Association of Minneapolis, Minnesota, which is a suitable financial institution within the State of Minnesota whose deposits are insured by the Federal Deposit Insurance Corporation whose combined capital and surplus is not less than \$500,000, is hereby designated escrow agent (the "Escrow Agent") with respect to the Refunded Bonds.

4.02 On or prior to the delivery of the Bonds, the mayor and the clerk are hereby authorized and directed to execute on behalf of the City an escrow agreement (the "Escrow Agreement") with the Escrow Agent in substantially the form now on file with the clerk as Public Document No. 12-1108-02. The execution and delivery of the Escrow Agreement by the mayor and the clerk, in the form presented to the City Council with such changes, omissions, insertions and revisions as the mayor and the clerk deem advisable is hereby approved, and the execution by such officers shall be conclusive evidence of such approval. All essential terms and conditions of the Escrow Agreement, including payment by the City of reasonable charges for the services of the Escrow Agent, are hereby approved and adopted and made a part of this Resolution, and the City covenants that it will promptly enforce all provisions thereof in the event of default thereunder by the Escrow Agent.

Section 5. Covenants, revenues, accounts and tax levies.

5.01 (a) The City Council covenants and agrees with the holders of the Bonds and with its taxpayers that it will impose and collect just and equitable charges for all use and for the availability of all facilities of the municipal sewer utility at the times and in the amounts required to pay the normal, reasonable and current expenses of operating and maintaining such facilities, and also to produce net revenues at least adequate at all times to pay the principal and interest due on the Bonds and on all other bonds heretofore or hereafter issued and made payable from said net revenues, and will operate the municipal sewer utility and segregate and account for the revenues thereof as provided in this section.

The City will place all such charges, when collected, and all money received from the sale of any facilities or equipment of the municipal sewer utility in a separate Sewer Utility Operating Account within the Public Utility Sewer Fund maintained under Section 54 of the City Charter. Except as provided in this section, this account shall be used only to pay claims duly approved and allowed for payment of expenses which, under generally accepted accounting principles, constitute normal, reasonable and current expenses of operating and maintaining the municipal sewer utility, and to maintain such reasonable reserves for such expenses as the director of finance shall determine to be necessary from time to time in accordance with policies established by the City Council. Sums from time to time on hand in this account, in excess of sums required to make such payments and maintain such reserves, constitute the net revenues which are herein pledged and appropriated first to pay the principal of and interest on all sewer utility bonds when due;

(b) Until the Bonds issued hereunder are fully paid or duly called for redemption, or otherwise discharged, the City will also maintain a separate debt service account (the "Debt Service Fund") in the Public Utility Sewer Fund to be used solely for the

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payment of the principal and interest, as such principal and interest become due and payable, on the Bonds and on any other bonds which have been or may be issued and made payable from said net revenues of the sewer utility. Unless deposited in the Escrow Account, the treasurer shall credit to the Debt Service Fund unused discount (\$2,808.61) and the amount of accrued interest on the Bonds. The treasurer shall transfer from the Sewer Utility Operating Account to the Debt Service Fund amounts of the net revenues sufficient for the payment of all interest and principal then due on the Bonds, and all charges due to the Bond Registrar. Such transfers shall be made at the times and in the amounts determined by the treasurer, in accordance with policies established by resolutions of the City Council;

(c) Surplus utility revenues from time to time received in the Sewer Utility Operating Account, in excess of payments due from and reserves required to be maintained in the Sewer Utility Operating Account and in the Debt Service Fund, may be used for necessary capital expenditures for the improvement of the municipal sewer utility, for the prepayment and redemption of bonds constituting a lien on the municipal sewer utility, and for any other proper municipal purpose consistent with policies established by resolutions of the City Council.

5.02 It is hereby determined that upon the receipt of proceeds of the Bonds (the "Proceeds") for payment of the principal and interest on the Refunded Bonds that an irrevocable appropriation to the Escrow Account shall have been made within the meaning of Section 475.61, Subdivision 3(g) of the Act and the clerk is hereby authorized and directed to certify such fact to and request the county auditor to cancel any and all tax levies made by the Council resolution authorizing the Refunded Bonds for collection in the year 2013 and thereafter.

5.03 If the balances in either Debt Service Fund are ever insufficient to pay all principal and interest then due on the Bonds, the treasurer shall nevertheless provide sufficient money from any other funds of the City which are available for that purpose, and such other funds shall be reimbursed from such Debt Service Fund when the balances therein are sufficient. It is estimated that the net revenues herein pledged and appropriated to said Debt Service Fund will be received at the times and in amounts not less than five percent in excess of the amounts needed to meet when due the principal and interest payments thereon and, accordingly, no tax is presently levied for this purpose. It is recognized, however, that the City's liability on the Bonds is not limited to the revenues so pledged, and the City Council covenants and agrees that it will levy upon all taxable property within the City, and cause to be extended, levied and collected, any taxes found necessary for full payment of the principal of and interest on the Bonds, without limitation as to rate or amount.

5.04 Escrow account.

(a) The City hereby creates an Escrow Account for the Refunded Bonds. To the Escrow Account there is hereby pledged and irrevocably appropriated and there shall be credited: (i) the proceeds of the Bonds received from the Purchaser which are not appropriated to the Debt Service Fund or are not to be used for payment of costs of issuance of the Bonds; (ii) Accrued Interest; (iii) Additional Interest [amounts referenced in clauses (i), (ii) and (iii) are herein referred to as the "Proceeds"]; and (iv) investment earnings on such monies referenced in clauses (i), (ii) and (iii), for the payment of (A) interest on the Refunded Bonds on February 1, 2013, on August 1, 2013, and on February 1, 2014; and (B) the principal of the Refunded Bonds called for redemption and prepayment on the Redemption Date;

(b) The Escrow Account shall be maintained with the Escrow Agent pursuant to the Escrow Agreement and this Resolution. The Escrow Account shall be invested in accordance with the Act, the Escrow Agreement and this Section, in securities specified in Section 475.67, Subdivision 8(a) of the Act, which investments will provide sufficient funds together with any

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cash or other funds retained in the Escrow Account for the Refunded Bonds for the payment of the interest on the Refunded Bonds on February 1, 2013, on August 1, 2013, and on February 1, 2014, and the principal of the Refunded Bonds called for redemption and prepayment on the Redemption Date;

(c) From the Escrow Account there shall be paid: (i) interest on the Refunded Bonds on February 1, 2013, on August 1, 2013, and on February 1, 2014; and (ii) the principal of the Refunded Bonds called for redemption and prepayment on the Redemption Date;

(d) The Escrow Account for the Refunded Bonds as set forth above for the payment of the interest on the Refunded Bonds on February 1, 2013, on August 1, 2013, and on February 1, 2014, and to prepayment and redemption of the Refunded Bonds due by reason of redemption and prepayment on the Redemption Date. The monies in the Escrow Account for the Bonds shall be used solely for the purposes herein set forth and for no other purpose, except that any surplus in the Escrow Account may be remitted to the City all in accordance with the Escrow Agreement. Any monies remitted to the City upon termination of the Escrow Agreement shall be deposited in the Debt Service Fund;

(e) Securities purchased for the Escrow Account shall be purchased simultaneously with the delivery of and payment for the Bonds. The mayor and clerk or their designee are authorized and directed to purchase such securities.

5.05 The construction funds created for the 2005 Bonds have previously been terminated and all bond proceeds therein have been expended.

5.06 The City shall pay the cost of issuance of the Bonds with \$29,000 of the Bond proceeds.

Section 6. Refunding; findings; redemption of Refunded Bonds.

6.01 (a) It is hereby found and determined, based upon information presently available from the City's financial advisers, that as of the date of issuance of the Bonds, the issuance of the Bonds will result in a reduction of debt service cost to the City. In accordance with Section 475.67, Subdivision 12 of the Act, as of the date of issuance of the Bonds, the present value of the dollar amount of the debt service on the Bonds, computed to their stated maturity dates, after deducting any premium, is lower by at least three percent than the present value of the dollar amount of debt service on the Refunded Bonds, exclusive of any premium, computed to their stated maturity dates;

(b) It is hereby found and determined that the Proceeds available and appropriated to the Escrow Account for the Refunded Bonds, together with investment funds thereon is sufficient for the payment of the interest on the Refunded Bonds on February 1, 2013, on August 1, 2013, and on February 1, 2014, and the principal of the Refunded Bonds called for redemption and prepayment on the Redemption Date.

6.02 The Refunded Bonds shall be redeemed and prepaid in accordance with their terms and in accordance with the terms and conditions set forth in the forms of notices of call for redemption attached to the Escrow Agreement, which terms and conditions are hereby approved and incorporated herein by reference. The Escrow Agent is hereby authorized and directed to send written notice of the call for redemption to the paying agent or bond registrar, as the case may be, and bond insurance company (if any), for the Refunded Bonds in accordance with their terms and the Escrow Agreement.

6.03 The Escrow Agent is authorized and directed to cause to be provided a material event notice regarding the defeasance of the Refunded Bonds in accordance with the continuing disclosure certificates of the City dated December 19, 2005, and delivered in connection with the 2005 Bonds.

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Section 7. Certificate of proceedings.

7.01 The clerk is directed to file with the county auditor a certified copy of this Resolution and such other information as the county auditor may require, and to obtain from the county auditor a certificate stating that the Bonds have been duly entered on his register.

7.02 The officers of the City are authorized and directed to prepare and furnish to the Purchaser and to bond counsel certified copies of all proceedings and records of the City relating to the authorization and issuance of the Bonds and other affidavits and certificates as may reasonably be requested to show the facts relating to the legality and marketability of the Bonds as such facts appear from the official books and records of the officers' custody or otherwise known to them. All of such certified copies, certificates and affidavits, including any heretofore furnished, constitute representations of the City as to the correctness of facts recited therein and the actions stated therein to have been taken.

7.03 The mayor and clerk 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.

Section 8. Tax covenants.

8.01 The City covenants and agrees with the holders of the Bonds that the City will (i) take all action on its part necessary to cause the interest on the Bonds to be exempt from federal income taxes including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Bonds and investment earnings thereon, making required payments to the federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Bonds to be subject to federal income taxes, including, without limitation, refraining from spending the proceeds of the Bonds and investment earnings thereon on certain specified purposes.

8.02 (a) No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (i) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued, and (ii) in addition to the above, in an amount not greater than the lesser of five percent of the proceeds of the Bonds or \$100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Debt Service Fund (or any other City account which will be used to pay principal and interest to become due on the Bonds) in excess of amounts which under the applicable federal arbitrage regulations may be invested without regard as to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by the arbitrage regulations on such investments after taking into account any applicable temporary periods or minor portion made available under the federal arbitrage regulations;

(b) The proceeds of the Bonds and money in the Debt Service Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be federally guaranteed within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code");

(c) The City hereby covenants not to use the proceeds of 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.

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8.03 In addition to the Bonds, the City is selling, pursuant to a single offering document and on the same date, the following tax-exempt obligations: General Obligation Capital Equipment Notes, Series 2012C (the "Notes"), and General Obligation Street Improvement Refunding Bonds, Series 2012D (the "Series 2012D Bonds"). The Bonds will not be paid out of substantially the same source of funds as the Notes and the 2012D Bonds; consequently, the Bonds will not be combined with any of them for a single issue under Treasury Regulations Section 1.150-1(c).

8.04 (a) The City covenants and certifies to and for the benefit of the owners of the Bonds that no use will be made of the proceeds of the Bonds, which will cause the Bonds to be arbitrage bonds within the meaning of Section 148(a) of the Code and the Treasury Regulations promulgated thereunder. Pursuant to such covenant, the City hereby agrees to comply throughout the term of the issue of the Bonds with the requirements of Section 148 of the Code and any Treasury Regulations promulgated thereunder; to this end, the City shall:

(i) maintain records identifying all "gross proceeds" (as defined in Section 148(f)(6)(B) of the Code) attributable to the Bonds, the yield at which such gross proceeds are invested, any arbitrage profit derived therefrom (earnings in excess of the yield on the Bonds) and any earnings derived from the investment of such arbitrage profit;

(ii) make, or cause to be made as of the end of each Bond Year, the annual determinations of the amount, if any, of excess arbitrage required to be paid to the United States by the City (hereinafter, the "Rebate Amount");

(iii) pay, or cause to be paid, to the United States at least once every five Bond Years the amount, if any, which is required to be paid to the United States, including the last installment which shall be made no later than 60 days after the day on which the Bonds are paid in full;

(iv) not invest, or permit to be invested, "gross proceeds" in any acquired non-purpose obligations so as to deflect arbitrage otherwise payable to the United States as a "prohibited payment" to a third party;

(v) retain all records of the annual determinations of the foregoing amounts until six years after the Bonds have been fully paid; and

(vi) in order to comply with the foregoing paragraph, the City shall determine the Rebate Amount within 30 days after the close of each Bond Year and upon payment in full of the Bonds; upon each such determination, the City shall deposit in the Rebate Fund the Rebate Amount so determined; the City shall separately account for the earnings from the investment of the Rebate Amount and such earnings shall become part of the Rebate Amount;

(b) For purposes of this section, "Bond Year" shall mean the 12-month period beginning on the date of issuance of the Bonds or such other 12-month period designated by the Board which is permitted by the Code or any Treasury Regulation promulgated thereunder.

Section 9. Continuing disclosure. The City acknowledges that the Bonds are subject to the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) (the "Rule"). The Rule governs the obligations of certain underwriters to require that issuers of municipal bonds enter into agreements for the benefit of the bondholders to provide continuing disclosure with respect to the bonds. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit underwriters of the Bonds to comply with the Rule, which will enhance the marketability of the Bonds, the mayor and the clerk are hereby authorized and directed to execute a continuing disclosure certificate

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substantially in the form of the certificate currently on file in the office of the city clerk as Public Document No. 12-1108-01.

Resolution 12-0556 was unanimously adopted.

Approved November 8, 2012

DON NESS, Mayor

- - -

BE IT RESOLVED, by the city council (the "City Council") of the city of Duluth, St. Louis County, Minnesota (the "City"), as follows:

Section 1. Bond purpose and authorization.

1.01 Under and pursuant to the provisions of Section 55 of the City Charter, Minnesota Laws 1979, Chapter 113, and Minnesota Statutes, Section 475, the City previously issued \$2,250,000 General Obligation Steam Utility Revenue Bonds, Series 2003E, dated September 1, 2003 (the "2003 Bonds"); \$1,250,000 General Obligation Steam Utility Revenue Bonds, Series 2005B, dated June 1, 2005 (the "2005 Bonds"); and \$4,525,000 General Obligation Steam Utility Revenue Bonds, Series 2006E, dated December 19, 2006 (the "2006 Bonds"), for the purpose of financing improvements to the City's Steam Utility.

1.02 Under and pursuant to the provisions of Minnesota Statutes, Chapter 475 (the "Act") and, specifically, Section 475.67, Subdivisions 1 through 12 of the Act, the City is authorized to issue and sell its general obligation bonds to refund the 2003 Bonds, the 2005 Bonds and the 2006 Bonds in advance of their scheduled maturities, if consistent with covenants made with the holders thereof, when determined by the City to be necessary or desirable for the reduction of debt service cost to the City or for the extension or adjustment of maturities in relation to the resources available for their payment.

1.03 The City Council hereby determines that it is necessary, expedient and in the best interest of the City's residents that the City issue, sell and deliver its \$5,475,000 Taxable General Obligation Steam Utility Revenue Refunding Bonds, Series 2012G (the "Bonds"), to refund the outstanding 2003 Bonds maturing on and after February 1, 2013, of which \$1,535,000 in principal amount is outstanding (the "2003 Refunded Bonds"), to refund the outstanding 2005 Bonds maturing on and after February 1, 2013, of which \$800,000 in principal amount is outstanding (the "2005 Refunded Bonds"), and to refund the outstanding 2006 Bonds maturing on and after February 1, 2013, of which \$3,315,000 in principal amount is outstanding (the "2006 Refunded Bonds"), in order to reduce debt service cost to the City. (The 2003 Refunded Bonds, the 2005 Refunded Bonds and the 2006 Refunded Bonds are collectively referred to as the "Refunded Bonds"). The 2003 Refunded Bonds are presently subject to prepayment and redemption and are called for prepayment and redemption on December 27, 2012 (the "2003 Bonds Redemption Date"). The 2005 Bonds maturing on and after February 1, 2015, are subject to prepayment and redemption on February 1, 2014 (February 1, 2014 is herein referred to as the "2005 Bonds Redemption Date"). The 2006 Bonds maturing on and after February 1, 2016, are subject to prepayment and redemption on February 1, 2015 (February 1, 2015 is herein referred to as the "2006 Bonds Redemption Date").

1.04 The City's plan of finance for the payment and prepayment of the 2003 Bonds, the 2005 Bonds and the 2006 Bonds is as follows:

(a) The City will provide funds from the debt service account for the 2003 Bonds in an amount equal to the principal and interest due on the 2003 Bonds on February 1, 2013, plus the proceeds of the Bonds will provide the funds to prepay and redeem the 2003

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Refunded Bonds on the 2003 Bonds Redemption Date; such funds shall be deposited in the Escrow Account held under the Escrow Agreement described in Section 4 and Section 5.01(b);

(b) The City will provide funds from the debt service account for the 2005 Bonds to pay the principal of and interest due on the 2005 Bonds on February 1, 2013, and proceeds of the Bonds will provide the funds to prepay and redeem the 2005 Refunded Bonds on the 2005 Bonds Redemption Date. Funds shall be deposited in the Escrow Account held under the Escrow Agreement described in Section 4 and Section 5.01(b) which, together with investment earnings thereon, will be sufficient to pay (i) the principal and interest on the 2005 Refunded Bonds due through February 1, 2014; and (ii) the redemption and prepayment of the 2005 Refunded Bonds maturing on and after February 1, 2015, on the 2005 Bonds Redemption Date;

(c) The City will provide funds from the debt service account for the 2006 Bonds to pay the principal of and interest due on the 2006 Bonds on February 1, 2013, and proceeds of the Bonds to pay the principal and interest due on the 2006 Refunded Bonds through February 1, 2015, and to prepay and redeem the 2006 Refunded Bonds maturing on and after February 1, 2016, on the 2006 Bonds Redemption Date. Funds shall be deposited in the Escrow Account held under the Escrow Agreement described in Section 4 and Section 5.01(6) which, together with investment earnings thereon, will be sufficient to pay the principal and interest due on the 2006 Refunded Bonds through February 1, 2015, and the redemption and prepayment of the 2006 Refunded Bonds maturing on and after February 1, 2016, on the 2006 Bonds Redemption Date.

1.05 Other than the 2003 Bonds, the 2005 Bonds and the 2006 Bonds which have been defeased, no other City obligations have pledged the income and revenues of the municipal steam utility. Under the provisions of the ordinance authorizing the Bonds, the City reserved the privilege of issuing additional bonds payable from net revenues of the municipal steam utility on a parity with the Bonds.

1.06 Public Financial Management, Inc., financial consultant to the City, has given notification by mail, facsimile or electronic data transmission to at least five firms determined by Public Financial Management, Inc. to be prospective bidders on the Bonds at least two days (omitting Saturdays, Sundays and legal holidays) before the date set for receipt of bids on the Bonds. All actions of the mayor, the clerk and Public Financial Management, Inc. taken with regard to the sale of the Bonds are hereby ratified and approved.

1.07 Pursuant to such solicitation for bids for the sale of the Bonds, the City Council has received and considered all bids presented pursuant to the official terms of offering and has determined that the most favorable bid is that of Raymond James & Associates, Inc. of Memphis, Tennessee (the "Purchaser"), to purchase the Bonds at a cash price of \$5,465,362.12, upon condition that the Bonds mature and bear interest at the times and annual rates set forth in Section 2. The City, after due consideration, finds such offer reasonable and proper and the offer of the Purchaser is hereby accepted. The mayor and the city clerk are authorized and directed to execute on the part of the City a contract for the sale of the Bonds in accordance with the Purchaser's bid. The city treasurer is directed to deposit the good faith check of the successful bidder.

Section 2. Terms of the Bonds.

2.01 The Bonds shall be dated as of the date of delivery, as the date of original issue, shall be issued in the denomination of \$5,000, or any integral multiple thereof, in fully registered form and lettered and numbered R-1 and upward. The Bonds shall mature on February 1 in the respective years and amounts and shall bear interest at the annual rates stated as follows:

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Year	Amount	Interest Rate
2014	\$600,000	1.000%
2015	625,000	1.000%
2016	635,000	1.000%
2017	635,000	1.000%
2018	650,000	1.250%
2019	655,000	1.600%
2020	665,000	1.900%
2021	570,000	2.000%
2022	440,000	2.125%

2.02 (a) The Bonds are subject to optional redemption and prepayment prior to their respective maturities, in whole or in part, at the option of the City on any date at a redemption price equal to the “Make Whole Redemption Price.”

The “Make Whole Redemption Price” is equal to the greater of (i) the amortized issue price of the Bonds set forth in the Official Statement (but not less than 100%) of the principal amount of the Bonds to be redeemed; or (ii) the sum of the present values of the remaining scheduled payments of principal and interest to the maturity date of the Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Bonds are to be redeemed, discounted to the date on which the Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 50 basis points (0.50%), plus, in each case, accrued interest on the Bonds to be redeemed to the redemption date.

The “Treasury Rate” is, with respect to any redemption date for a particular Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity, excluding inflation indexed securities (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the call notice date or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

In connection with any optional redemption, the Make Whole Redemption Price will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the City at the City’s expense. The City may conclusively rely on such determination of the Make Whole Redemption Price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance;

(b) In the event any of the Bonds are called for redemption, notice thereof identifying the Bonds to be redeemed will be given by the Bond Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid) at least 30 days but not more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books kept by the Bond Registrar; provided, however, that so long as the Bonds are registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), notice of redemption shall be given in accordance with the terms of the Representation Letter hereinafter described. Failure to give notice by mail to any registered owner, or any defect therein, will not affect the validity of any proceeding for the redemption of Bonds not affected by such defect or failure. Bonds so

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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;

(c) If less than all the Bonds of a maturity are called for redemption while the Bonds are registered in the name of Cede & Co., the City or the Bond Registrar designated below will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each beneficial ownership interest in such maturity to be redeemed. If less than all the Bonds of a maturity are called for redemption and the Bonds are not registered in the name of Cede & Co., the Bond Registrar will determine by lot or other manner deemed fair the amount of each maturity to be redeemed. All prepayments shall be at a price equal to the principal amount thereof plus accrued interest.

2.03 The interest shall be payable semiannually on February 1 and August 1 in each year (each herein referred to as an "Interest Payment Date") commencing on August 1, 2013. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board. The Bond Registrar appointed below shall make all interest payments with respect to the Bonds by check or draft mailed to the registered owners of the Bonds shown on the bond registration records maintained by the Bond Registrar at the close of business on the 15th day (whether or not on a business day) of the month next preceding the Interest Payment Date at such owners' addresses shown on such bond registration records.

2.04 (a) The Bonds shall be prepared for execution in accordance with the approved form and shall be signed by the manual or facsimile signature of the mayor and attested by the manual or facsimile signature of the clerk. The corporate seal of the City may be omitted as permitted by law. In case any officer whose signature shall appear on the Bonds shall cease to be an officer before delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes, as if he or she had remained in office until delivery;

(b) The clerk is authorized to obtain a copy of the proposed approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A. of Duluth, Minnesota, and cause the opinion to be attached to each Bond.

2.05 The City hereby appoints Wells Fargo Bank, National Association, in Minneapolis, Minnesota, as registrar, authenticating agent, paying agent and transfer agent for the Bonds (such bank or its successor is herein referred to as the "Bond Registrar"). To provide for the Bond Registrar services, the mayor and the clerk are authorized and directed to execute a bond registrar/paying agent agreement substantially in the form of the agreement currently on file in the office of the city clerk as Public Document No. 04-0219-02. No Bond shall be valid or obligatory for any purpose until the Bond Registrar's authentication certificate on such Bond, substantially set forth in Section 3.01 hereof, shall have been duly executed by an authorized representative of the Bond Registrar. Authentication certificates on different Bonds need not be signed by the same representative. The manual signature of one officer of the City or the executed authentication certificate on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

2.06 (a) In order to make the Bonds eligible for the services provided by DTC, the City has previously agreed to the applicable provisions set forth in the blanket issuer letter of representations which has been executed by the City and DTC (the "Representation Letter");

(b) Notwithstanding any provision herein to the contrary, so long as the Bonds shall be in Book-Entry Form, the provisions of this Section 2.06 shall govern;

(c) All of the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest on and principal of any Bond registered in the name of Cede & Co. shall be made by wire transfer or New York Clearing House or equivalent same

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day funds by 10:00 a.m. CT or as soon as possible thereafter following the Bond Registrar's receipt of funds from the City on each Interest Payment Date to the account of Cede & Co. on each Interest Payment Date at the address indicated in or pursuant to the Representation Letter;

(d) DTC (or its nominees) shall be and remain recorded on the Bond Register as the holder of all Bonds which are in Book-Entry Form. No transfer of any Bond in Book-Entry Form shall be made, except from DTC to another depository (or its nominee) or except to terminate the Book-Entry Form. All Bonds of such stated maturity of any Bonds in Book-Entry Form shall be issued and remain in a single Bond certificate registered in the name of DTC (or its nominee); provided, however, that upon termination of the Book-Entry Form pursuant to the Representation Letter, the City shall, upon delivery of all Bonds of such series from DTC, promptly execute, and the Bond Registrar shall thereupon authenticate and delivery, Bonds of such series to all persons who were beneficial owners thereof immediately prior to such termination; and the Bond Registrar shall register such beneficial owners as holders of the applicable Bonds.

The Bond Registrar shall maintain accurate books and records of the principal balance, if any, of each such outstanding Bond in Book-Entry Form, which shall be conclusive for all purposes whatsoever. Upon the authentication of any new Bond in Book-Entry Form in exchange for a previous Bond, the Bond Registrar shall designate thereon the principal balance remaining on such bond according to the Bond Registrar's books and records.

No beneficial owner (other than DTC) shall be registered as the holder on the Bond Register for any Bond in Book-Entry Form or entitled to receive any bond certificate. The beneficial ownership interest in any Bond in Book-Entry Form shall be recorded, evidenced and transferred solely in accordance with the Book-Entry System.

Except as expressly provided to the contrary herein, the City and the Bond Registrar may treat and deem DTC to be the absolute owner of all Bonds of each series which are in Book-Entry Form (i) for the purpose of payment of the principal of and interest on such Bond, (ii) for the purpose of giving notices hereunder, and (iii) for all other purposes whatsoever;

(e) The City and the Bond Registrar shall each give notices to DTC of such matters and at such times as are required by the Representation Letter, including the following:

- (i) with respect to notices of redemption; and
- (ii) with respect to any other notice required or permitted under this Bond Resolution to be given to any holder of a Bond.

All notices of any nature required or permitted hereunder to be delivered to a holder of a Bond in Book-Entry Form shall be transmitted to beneficial owners of such Bonds at such times and in such manners as shall be determined by DTC, the participants and indirect participants in accordance with the Book-Entry System and the Representation Letter;

(f) All payments of principal, redemption price of and interest on any Bonds in Book-Entry Form shall be paid to DTC (or Cede & Co.) in accordance with the Book-Entry System and the Representation Letter in same day funds by wire transfer.

2.07 The City shall cause to be kept by the Bond Registrar a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the City shall provide for the registration of the Bonds and the registration of transfers of the Bonds entitled to be registered or transferred as herein provided. In the event of the resignation or removal of the Bond Registrar or its incapability of acting as such, the bond registration records shall be maintained at the office of the successor Bond Registrar as may be appointed by the City Council. Upon surrender for transfer of any Bond at the principal corporate office of the Bond

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Registrar, the City shall execute and the Bond Registrar shall authenticate, if required by law or this Resolution, and deliver, in the name(s) of the designated transferee or transferees, one or more new Bonds of the like aggregate principal amount, as requested by the transferor.

2.08 Each Bond delivered upon transfer of or in exchange for or in lieu of any other Bond shall carry all of the rights to interest, accrued and unpaid and to accrue, which are carried by such other Bond. Each Bond shall be dated by the Bond Registrar as of the date of its authentication. The City and the Bond Registrar shall not be required to make any transfer or exchange of any Bonds called for redemption or to make any such exchange or transfer of the Bonds during the 15 days next preceding the date of the mailing of the notice of redemption in the case of a proposed redemption of the Bonds.

2.09 The City and the Bond Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and interest on such Bond and for all other purposes whatsoever, whether or not such Bond be overdue, and neither the City nor the Bond Registrar shall be affected by notice to the contrary.

2.10 The principal of and interest on the Bonds shall be payable by the Bond Registrar, as paying agent, in such funds as are legal tender for the payment of debts due the United States of America. The City shall pay the reasonable and customary charges of the Bond Registrar for the disbursement of principal and interest.

2.11 Delivery of the Bonds and payment of the purchase price shall be made at a place mutually satisfactory to the City and the Purchaser. Printed or typewritten and executed Bonds shall be furnished by the City without cost to the Purchaser. The Bonds, when prepared in accordance with this Resolution and executed, shall be delivered by or under the direction of the treasurer to the Purchaser upon receipt of the purchase price plus accrued interest.

Section 3. Form of the Bonds.

3.01 The Bonds shall be printed or typewritten in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF ST. LOUIS

CITY OF DULUTH
TAXABLE GENERAL OBLIGATION STEAM UTILITY REVENUE REFUNDING
BOND
SERIES 2012G

R-__ \$_____

Interest Rate	Maturity Date	Date of Original Issue	CUSIP
	February 1, ____	November __, 2012	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS

The City of Duluth, in St. Louis County, Minnesota (the "City"), for value received, promises to pay to the registered owner specified above, or registered assigns,

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the principal amount specified above, on the maturity date specified above, and to pay interest on said principal amount to the registered owner hereof from the Date of Original Issue, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, until the principal amount is paid or discharged, said interest being at the interest rate per annum specified above. Interest is payable semiannually on February 1 and August 1 of each year (each referred to herein as an "Interest Payment Date") commencing on August 1, 2013. Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the main office of Wells Fargo Bank, National Association of Minneapolis, Minnesota, as registrar, paying agent, authenticating agent and transfer agent (the "Bond Registrar"), or at the office of such successor bond registrar as may be designated by the City. The Bond Registrar shall make all interest payments with respect to this Bond directly to the registered owner hereof shown on the bond registration records maintained on behalf of the City by the Bond Registrar at the close of business on the 15th day of the month next preceding the Interest Payment Date (whether or not a business day) at such owner's address shown on said bond registration records, without, except for payment of principal on the Bond, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the City to the extent of the payments so made. Payment of principal shall be made upon presentation and surrender of this Bond to the Bond Registrar when due. For the prompt and full payment of such principal and interest as they become due, the full faith and credit of the City are irrevocably pledged.

This Bond is one of a series issued by the City in the aggregate amount of \$5,475,000, all of like original issue date and tenor, except as to number, maturity date, denomination and interest rate, pursuant to: (i) the authority contained in Minnesota Statutes, Chapter 475, Section 475.67, Subdivisions 1 through 12 and Section 55 of the Home Rule Charter of the City, Minnesota Laws 1979, Chapter 113 and all other laws and Charter provisions thereunto enabling; and (ii) an authorizing resolution adopted by the governing body of the City on November 8, 2012 (the "Resolution"), for the purpose of providing money to refund in advance of maturity the outstanding principal amount of the City's General Obligation Steam Utility Revenue Bonds, Series 2003E, dated September 1, 2003, General Obligation Steam Utility Revenue Bonds, Series 2005B, dated June 1, 2005, and General Obligation Steam Utility Revenue Bonds, Series 2006E, dated December 19, 2006.

The Bonds are payable from the net revenues to be derived from the operation of the municipal steam utility of the City located in the downtown area of Duluth, as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred. In the Resolution, the City has pledged and appropriated the net revenues to be derived from the operation of the municipal steam utility in excess of normal, reasonable and current costs of the operation and maintenance of the utility, for the payment of the principal and interest when due on the Bonds, and has covenanted and agreed that it will impose and collect just and equitable charges for all use and for the availability of all facilities of the municipal steam utility at the times and in the amounts required to pay the

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normal, reasonable and current expenses of operating and maintaining such facilities, and also to produce net revenues at least adequate at all times to pay the principal and interest due on the Bonds.

The Bonds are subject to optional redemption and prepayment prior to their respective maturities, in whole or in part, at the option of the City on any date at a redemption price equal to the "Make Whole Redemption Price." The "Make Whole Redemption Price" is equal to the greater of (i) the amortized issue price of the Bonds set forth in the Official Statement (but not less than 100%) of the principal amount of the Bonds to be redeemed; or (ii) the sum of the present values of the remaining scheduled payments of principal and interest to the maturity date of the Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Bonds are to be redeemed, discounted to the date on which the Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 50 basis points (0.50%), plus, in each case, accrued interest on the Bonds to be redeemed to the redemption date. The "Treasury Rate" is, with respect to any redemption date for a particular Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity, excluding inflation indexed securities (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the call notice date or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. In connection with any optional redemption, the Make Whole Redemption Price will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the City at the City's expense. The City may conclusively rely on such determination of the Make Whole Redemption Price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

Not less than 30 nor more than 60 days prior to the date fixed for redemption and prepayment of any Bonds, notice of redemption shall be mailed to each registered owner of a Bond to be redeemed; however, that so long as the Bonds are registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), notice of redemption shall be given in accordance with the terms of the Blanket Issuer Letter of Representations executed by the City and DTC.

The Bonds of this series are issued as fully registered bonds without coupons, in the denomination of \$5,000 or any integral multiple thereof. Subject to limitations set forth in the Resolution, this Bond is transferable by the registered owner hereof upon surrender of this Bond for transfer at the principal corporate office of the Bond Registrar, duly endorsed or accompanied by a written instrument of

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transfer in form satisfactory to the Bond Registrar and executed by the registered owner hereof or the owner's attorney duly authorized in writing. Thereupon the City shall execute and the Bond Registrar shall authenticate and deliver, in exchange for this Bond, one or more new fully registered Bonds in the name of the transferee, of an authorized denomination, in an aggregate principal amount equal to the principal amount of this Bond, of the same maturity, and bearing interest at the same rate.

IT IS CERTIFIED AND RECITED that all acts and conditions required by the Charter of the City and by the laws and the Constitution of the State of Minnesota to be done, and to exist precedent 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 and do exist in form, time, and manner as so required; that all taxable property within the corporate limits of the City is subject to the levy of ad valorem taxes to the extent needed to pay the principal hereof and the interest hereon when due, without limitation as to rate or amount; and that the issuance of this Bond does not cause the indebtedness of the City to exceed any constitutional, statutory or charter limitation.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Bond Registrar's Authentication Certificate hereon shall have been executed by the Bond Registrar by one of its authorized representatives.

IN WITNESS WHEREOF, the City of Duluth, in St. Louis County, Minnesota, by its City Council, has caused this Bond to be executed in its name by the facsimile signatures of the mayor and the clerk.

ATTEST:

Clerk

Mayor

Date of Authentication: _____

BOND REGISTRAR'S AUTHENTICATION CERTIFICATE

The Bond Registrar confirms that the books reflect the ownership of the Bond registered in the name of the owner named above in the principal amount and maturity date stated above and this Bond is one of the Bonds of the series issued pursuant to the Resolution hereinabove described.

WELLS FARGO BANK, NATIONAL ASSOCIATION
Bond Registrar

By _____
Authorized Representative

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REGISTRATION CERTIFICATE

This Bond must be registered as to both principal and interest in the name of the owner on the books to be kept by Wells Fargo Bank, National Association, of Minneapolis, Minnesota, as Bond Registrar. No transfer of this Bond shall be valid unless made on said books by the registered owner or the owner's attorney thereunto duly authorized and similarly noted on the registration books. The ownership of the unpaid principal balance of this Bond and the interest accruing thereon is registered on the books of Wells Fargo Bank, National Association as Bond Registrar, in the name of the registered owner last noted below.

Date	Registered Owner	Signature of Bond Registrar
11/___/2012	Cede & Co. c/o The Depository Trust Company 55 Water Street New York, NY 10041 Federal Taxpayer I.D. No.: 13-2555119	_____

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Name and Address of Assignee)

_____ Social Security or Other
_____ Identifying Number of Assignee

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 thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every

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particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

(Bank, Trust Company, member of
National Securities Exchange)

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City or its agent for registration of transfer, exchange, or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Section 4. Escrow Agreement; Escrow Agent.

4.01 Wells Fargo Bank, National Association of Minneapolis, Minnesota, which is a suitable financial institution within the State of Minnesota whose deposits are insured by the Federal Deposit Insurance Corporation whose combined capital and surplus is not less than \$500,000, is hereby designated escrow agent (the "Escrow Agent") with respect to the Refunded Bonds.

4.02 On or prior to the delivery of the Bonds, the mayor and the clerk are hereby authorized and directed to execute on behalf of the City an escrow agreement (the "Escrow Agreement") with the Escrow Agent in substantially the form now on file with the clerk as Public Document No. 12-1108-02. The execution and delivery of the Escrow Agreement by the mayor and the clerk, in the form presented to the City Council with such changes, omissions, insertions and revisions as the mayor and the clerk deem advisable is hereby approved, and the execution by such officers shall be conclusive evidence of such approval. All essential terms and conditions of the Escrow Agreement, including payment by the City of reasonable charges for the services of the Escrow Agent, are hereby approved and adopted and made a part of this Resolution, and the City covenants that it will promptly enforce all provisions thereof in the event of default thereunder by the Escrow Agent.

Section 5. Covenants, revenues, accounts and tax levies.

5.01 (a) The City Council covenants and agrees with the holders of the Bonds and with its taxpayers that it will impose and collect just and equitable charges for all use and for the availability of all facilities of the municipal steam utility located in the downtown area of Duluth (the "Utility") at the times and in the amounts required to pay the normal, reasonable and current expenses of operating and maintaining the Utility, and also to produce net revenues at least adequate at all times to pay the principal and interest due on the Bonds and on all other bonds heretofore or hereafter issued and made payable from said net revenues, and will operate the Utility and segregate and account for the revenues thereof as provided in this section.

The City will place all such charges, when collected, and all money received from the sale of any facilities or equipment of the Utility in a separate Steam Utility Operating

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

Account within the Public Utility Steam District No. 1 Fund maintained under Section 54 of the City Charter. Except as provided in this section, this account shall be used only to pay claims duly approved and allowed for payment of expenses which, under generally accepted accounting principles, constitute normal, reasonable and current expenses of operating and maintaining the Utility, and to maintain such reasonable reserves for such expenses as the Chief Financial Officer shall determine to be necessary from time to time in accordance with policies established by the City Council. Sums from time to time on hand in this account, in excess of sums required to make such payments and maintain such reserves, constitute the net revenues which are herein pledged and appropriated first to pay the principal of and interest on all steam utility bonds when due;

(b) Until the Bonds issued hereunder are fully paid or duly called for redemption, or otherwise discharged, the City will also maintain a separate debt service account (the "Debt Service Fund") in the Public Utility Steam District No. 1 Fund to be used solely for the payment of the principal and interest, as such principal and interest become due and payable, on the Bonds and on any other bonds which have been or may be issued and made payable from said net revenues of the Utility. Unless deposited in the Escrow Account, the treasurer shall credit to the Debt Service Fund unused discount (\$2,131.33) and the amount of accrued interest on the Bonds. The treasurer shall transfer from the Steam Utility Operating Account to the Debt Service Fund amounts of the net revenues sufficient for the payment of all interest and principal then due on the Bonds, and all charges due to the Bond Registrar. Such transfers shall be made at the times and in the amounts determined by the treasurer, in accordance with policies established by resolutions of the City Council;

(c) Surplus Utility revenues from time to time received in the Steam Utility Operating Account, in excess of payments due from and reserves required to be maintained in the Steam Utility Operating Account and in the Debt Service Fund, may be used for necessary capital expenditures for the improvement of the Utility, for the prepayment and redemption of bonds constituting a lien on the Utility, and for any other proper municipal purpose consistent with policies established by resolutions of the City Council.

5.02 It is hereby determined that upon the receipt of proceeds of the Bonds (the "Proceeds") for payment of the principal and interest on the Refunded Bonds that an irrevocable appropriation to the Escrow Account shall have been made within the meaning of Section 475.61, Subdivision 3(g) of the Act and the clerk is hereby authorized and directed to certify such fact to and request the county auditor to cancel any and all tax levies made by the Council resolutions authorizing the Refunded Bonds for collection in the year 2013 and thereafter.

5.03 If the balances in either Debt Service Fund are ever insufficient to pay all principal and interest then due on the Bonds, the treasurer shall nevertheless provide sufficient money from any other funds of the City which are available for that purpose, and such other funds shall be reimbursed from such Debt Service Fund when the balances therein are sufficient. It is estimated that the net revenues herein pledged and appropriated to said Debt Service Fund will be received at the times and in amounts not less than five percent in excess of the amounts needed to meet when due the principal and interest payments thereon and, accordingly, no tax is presently levied for this purpose. It is recognized, however, that the City's liability on the Bonds is not limited to the revenues so pledged, and the City Council covenants and agrees that it will levy upon all taxable property within the City, and cause to be extended, levied and collected, any taxes found necessary for full payment of the principal of and interest on the Bonds, without limitation as to rate or amount.

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

5.04 Escrow account.

(a) The City hereby creates an Escrow Account for the Refunded Bonds. To the Escrow Account there is hereby pledged and irrevocably appropriated and there shall be credited: (i) the proceeds of the Bonds received from the Purchaser which are not appropriated to the Debt Service Fund or are not to be used for payment of costs of issuance of the Bonds; (ii) Accrued Interest; (iii) Additional Interest [amounts referenced in clauses (i), (ii) and (iii) are herein referred to as the "Proceeds"]; (iv) funds of the City in the amount of \$585,845.01 (the "Funds"); and (v) investment earnings on such monies referenced in clauses (i), (ii), (iii) and (iv): (A) for the prepayment and redemption of the 2003 Refunded Bonds on the 2003 Bonds Redemption Date; (B) for the payment of principal and interest on the 2005 Refunded Bonds through February 1, 2014, and the prepayment and redemption of the 2005 Refunded Bonds maturing on and after February 1, 2015, on the 2005 Bonds Redemption Date; and (C) for the payment of principal and interest on the 2006 Refunded Bonds through February 1, 2015, and the prepayment and redemption of the 2006 Refunded Bonds maturing on and after February 1, 2016, on the 2006 Bonds Redemption Date (collectively, the "Escrow Obligations");

(b) The Escrow Account shall be maintained with the Escrow Agent pursuant to the Escrow Agreement and this Resolution. The Escrow Account shall be invested in accordance with the Act, the Escrow Agreement and this Section, in securities specified in Section 475.67, Subdivision 8(a) of the Act, which investments will provide sufficient funds together with any cash or other funds retained in the Escrow Account for the Refunded Bonds for the payment of the Escrow Obligations;

(c) From the Escrow Account there shall be paid, on the dates and in the amounts required, the Escrow Obligations in accordance with Section 5.04(a);

(d) The Escrow Account for the Refunded Bonds as set forth above for the payment of the principal and interest on the Refunded Bonds when due, and to the prepayment and redemption of the Refunded Bonds due by reason of redemption and prepayment on the redemption dates as set forth in the Escrow Obligations. The monies in the Escrow Account for the Refunded Bonds shall be used solely for the purposes herein set forth and for no other purpose, except that any surplus in the Escrow Account may be remitted to the City all in accordance with the Escrow Agreement. Any monies remitted to the City upon termination of the Escrow Agreement shall be deposited in the Debt Service Fund;

(e) Securities purchased for the Escrow Account shall be purchased simultaneously with the delivery of and payment for the Bonds. The mayor and clerk or their designee are authorized and directed to purchase such securities.

5.05 The construction funds created for the 2003 Bonds, the 2005 Bonds and the 2006 Bonds have previously been terminated and all bond proceeds therein have been expended.

5.06 The City shall pay the cost of issuance of the Bonds with \$49,000 of the Bond proceeds.

Section 6. Refunding; findings; redemption of Refunded Bonds.

6.01 (a) It is hereby found and determined, based upon information presently available from the City's financial advisers, that as of the date of issuance of the Bonds, the issuance of the Bonds will result in a reduction of debt service cost to the City. In accordance with Section 475.67, Subdivision 12 of the Act, as of the date of issuance of the Bonds, the present value of the dollar amount of the debt service on the Bonds, computed to their stated maturity dates, after deducting any premium, is lower by at least three percent than the present value of the dollar amount of debt service on the Refunded Bonds, exclusive of any premium, computed to their stated maturity dates;

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(b) It is hereby found and determined that the Proceeds and the Funds available and appropriated to the Escrow Account for the Refunded Bonds, together with investment funds thereon is sufficient for the payment of the Escrow Obligations when due.

6.02 The Refunded Bonds shall be redeemed and prepaid in accordance with their terms and in accordance with the terms and conditions set forth in the forms of notices of call for redemption attached to the Escrow Agreement, which terms and conditions are hereby approved and incorporated herein by reference. The Escrow Agent is hereby authorized and directed to send written notice of the call for redemption to the paying agent or bond registrar, as the case may be, and bond insurance company (if any), for the Refunded Bonds in accordance with their terms and the Escrow Agreement.

6.03 The Escrow Agent is authorized and directed to cause to be provided a material event notice regarding the defeasance of the Refunded Bonds in accordance with the continuing disclosure certificates of the City dated September 1, 2003, and delivered in connection with the 2003 Bonds; dated June 1, 2005, and delivered in connection with the 2005 Bonds; and dated December 19, 2006, and delivered in connection with the 2006 Bonds.

Section 7. Certificate of proceedings.

7.01 The clerk is directed to file with the county auditor a certified copy of this Resolution and such other information as the county auditor may require, and to obtain from the county auditor a certificate stating that the Bonds have been duly entered on his register.

7.02 The officers of the City are authorized and directed to prepare and furnish to the Purchaser and to bond counsel certified copies of all proceedings and records of the City relating to the authorization and issuance of the Bonds and other affidavits and certificates as may reasonably be requested to show the facts relating to the legality and marketability of the Bonds as such facts appear from the official books and records of the officers' custody or otherwise known to them. All of such certified copies, certificates and affidavits, including any heretofore furnished, constitute representations of the City as to the correctness of facts recited therein and the actions stated therein to have been taken.

7.03 The mayor and clerk 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.

Section 8. Continuing disclosure. The City acknowledges that the Bonds are subject to the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) (the "Rule"). The Rule governs the obligations of certain underwriters to require that issuers of municipal bonds enter into agreements for the benefit of the bondholders to provide continuing disclosure with respect to the bonds. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit underwriters of the Bonds to comply with the Rule, which will enhance the marketability of the Bonds, the mayor and the clerk are hereby authorized and directed to execute a continuing disclosure certificate substantially in the form of the certificate currently on file in the office of the city clerk as Public Document No. 12-1108-01.

Resolution 12-0557 was unanimously adopted.

Approved November 8, 2012

DON NESS, Mayor

- - -

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

BE IT RESOLVED, by the city council (the "City Council") of the city of Duluth, St. Louis County, Minnesota (the "City"), as follows:

Section 1. Bond purpose and authorization.

1.01 Pursuant to Chapter 475 of Minnesota Statutes and the home rule charter of the City, the City previously issued \$5,035,000 General Obligation Street Improvement Bonds, Series 2003D, dated September 1, 2003 (the "2003 Bonds"), \$4,785,000 General Obligation Street Improvement Bonds, Series 2004B, dated September 1, 2004 (the "2004 Bonds"), and \$4,260,000 General Obligation Street Improvement Bonds, Series 2005D, dated October 6, 2005 (the "2005 Bonds"), for the purpose of financing local public improvements.

1.02 Under and pursuant to the provisions of Minnesota Statutes, Chapter 475 (the "Act") and, specifically, Section 475.67, Subdivisions 1 through 12 of the Act, the City is authorized to issue and sell its general obligation bonds to refund certain maturities of the 2003 Bonds, the 2004 Bonds and the 2005 Bonds in advance of their scheduled maturities, if consistent with covenants made with the holders thereof, when determined by the City to be necessary or desirable for the reduction of debt service cost to the City or for the extension or adjustment of maturities in relation to the resources available for their payment.

1.03 The City Council hereby determines that it is necessary, expedient and in the best interest of the City's residents that the City issue, sell and deliver its \$6,905,000 General Obligation Street Improvement Refunding Bonds, Series 2012D (the "Bonds"), to refund the outstanding 2003 Bonds maturing on and after February 1, 2013, of which \$2,710,000 in principal amount is outstanding (the "2003 Refunded Bonds"), to refund the outstanding 2004 Bonds maturing on and after February 1, 2014, of which \$2,600,000 in principal amount is outstanding (the "2004 Refunded Bonds"), and to refund the outstanding 2005 Bonds maturing on and after February 1, 2015, of which \$2,315,000 in principal amount is outstanding (the "2005 Refunded Bonds"), in order to reduce debt service cost to the City. (The 2003 Refunded Bonds, the 2004 Refunded Bonds and the 2005 Refunded Bonds are collectively referred to as the "Refunded Bonds.") The 2003 Bonds maturing on and after February 1, 2013, are subject to prepayment and redemption and are called for prepayment and redemption on December 27, 2012 (December 27, 2012 is herein referred to as the "2003 Bonds Redemption Date"). The 2004 Bonds maturing on and after February 1, 2014, are subject to prepayment and redemption on February 1, 2013 (February 1, 2013 is herein referred to as the "2004 Bonds Redemption Date"). The 2005 Bonds maturing on and after February 1, 2015, are subject to prepayment and redemption on February 1, 2014 (February 1, 2014 is herein referred to as the "2005 Bonds Redemption Date").

1.04 The City's plan of finance for the payment and prepayment of the 2003 Bonds, the 2004 Bonds and the 2005 Bonds is as follows:

(a) The City will provide funds from the debt service account for the 2003 Bonds in an amount equal to the principal and interest due on the 2003 Bonds on February 1, 2013, plus the proceeds of the Bonds will provide the funds to prepay and redeem the 2003 Refunded Bonds on the 2003 Bonds Redemption Date; such funds shall be deposited in the Escrow Account held under the Escrow Agreement described in Section 4 and Section 5.01(b).

(b) The City will provide funds from the debt service account for the 2004 Bonds to pay the principal of and interest due on the 2004 Bonds on February 1, 2013, and proceeds of the Bonds will provide the funds to prepay and redeem the 2004 Refunded Bonds on the 2004 Bonds Redemption Date. Funds shall be deposited in the Escrow Account held under the Escrow Agreement described in Section 4 and Section 5.01(b), which together with investment earnings thereon, will be sufficient to (i) pay the principal and interest on the 2004 Bonds due

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on February 1, 2013; and (ii) the redemption and prepayment of the 2004 Refunded Bonds on the 2004 Bonds Redemption Date.

(c) The City will provide funds from the debt service account for the 2005 Bonds in the amount of \$47,163.13 and proceeds of the Bonds to pay interest due on the 2005 Refunded Bonds on February 1, 2013, August 1, 2013 and February 1, 2014, and to prepay and redeem the 2005 Refunded Bonds on the 2005 Bonds Redemption Date. Funds shall be deposited in the Escrow Account held under the Escrow Agreement described in Section 4 and Section 5.01(b) which, together with investment earnings thereon, will be sufficient to pay (i) the interest due on the 2005 Refunded Bonds due on February 1, 2013, August 1, 2013 and February 1, 2014; and (ii) the redemption and prepayment of the 2005 Refunded Bonds on the 2005 Bonds Redemption Date. The unrefunded portion of the 2005 Bonds (the 2013 and 2014 maturities of the 2005 Bonds) and interest thereon will remain outstanding and will be paid when due from the debt service account for the 2005 Bonds.

1.05 Public Financial Management, Inc., financial consultant to the City, has given notification by mail, facsimile or electronic data transmission to at least five firms determined by Public Financial Management, Inc. to be prospective bidders on the Bonds at least two days (omitting Saturdays, Sundays and legal holidays) before the date set for receipt of bids on the Bonds. All actions of the mayor, the clerk and Public Financial Management, Inc. taken with regard to the sale of the Bonds are hereby ratified and approved.

1.06 Pursuant to such solicitation for bids for the sale of the Bonds, the City Council has received and considered all bids presented pursuant to the official terms of offering and has determined that the most favorable bid is that of Robert W. Baird & Co., Inc. of Milwaukee, Wisconsin (the "Purchaser"), to purchase the Bonds at a cash price of \$7,421,722.98, upon condition that the Bonds mature and bear interest at the times and annual rates set forth in Section 2. The City, after due consideration, finds such offer reasonable and proper and the offer of the Purchaser is hereby accepted. The mayor and the city clerk are authorized and directed to execute on the part of the City a contract for the sale of the Bonds in accordance with the Purchaser's bid. The city treasurer is directed to deposit the good faith check of the successful bidder.

Section 2. Terms of the Bonds.

2.01 The Bonds shall be dated as of the date of delivery, as the date of original issue, shall be issued in the denomination of \$5,000, or any integral multiple thereof, in fully registered form and lettered and numbered R-1 and upward. The Bonds shall mature on February 1 in the respective years and amounts and shall bear interest at the annual rates stated as follows:

Year	Amount	Interest Rate
2014	\$ 640,000	2.00%
2015	965,000	2.00%
2016	1,000,000	3.00%
2017	1,035,000	3.00%
2018	1,075,000	3.00%
2019	1,110,000	3.00%
2020	725,000	3.00%
2021	355,000	3.00%

2.02 The Bonds are not subject to optional redemption and prepayment prior to maturity.

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

2.03 The interest shall be payable semiannually on February 1 and August 1 in each year (each herein referred to as an "Interest Payment Date") commencing on August 1, 2013. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board. The Bond Registrar appointed below shall make all interest payments with respect to the Bonds by check or draft mailed to the registered owners of the Bonds shown on the bond registration records maintained by the Bond Registrar at the close of business on the 15th day (whether or not on a business day) of the month next preceding the Interest Payment Date at such owners' addresses shown on such bond registration records.

2.04 (a) The Bonds shall be prepared for execution in accordance with the approved form and shall be signed by the manual or facsimile signature of the mayor and attested by the manual or facsimile signature of the clerk. The corporate seal of the City may be omitted as permitted by law. In case any officer whose signature shall appear on the Bonds shall cease to be an officer before delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes, as if he or she had remained in office until delivery.

(b) The clerk is authorized to obtain a copy of the proposed approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A. of Duluth, Minnesota, and cause the opinion to be attached to each Bond.

2.05 The City hereby appoints Wells Fargo Bank, National Association, in Minneapolis, Minnesota, as registrar, authenticating agent, paying agent and transfer agent for the Bonds (such bank or its successor is herein referred to as the "Bond Registrar"). To provide for the Bond Registrar services, the mayor and the clerk are authorized and directed to execute a bond registrar/paying agent agreement substantially in the form of the agreement currently on file in the office of the city clerk as Public Document No. 04-0219-02. No Bond shall be valid or obligatory for any purpose until the Bond Registrar's authentication certificate on such Bond, substantially set forth in Section 3.01 hereof, shall have been duly executed by an authorized representative of the Bond Registrar. Authentication certificates on different Bonds need not be signed by the same representative. The manual signature of one officer of the City or the executed authentication certificate on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

2.06 (a) In order to make the Bonds eligible for the services provided by DTC, the City has previously agreed to the applicable provisions set forth in the blanket issuer letter of representations which has been executed by the City and DTC (the "Representation Letter");

(b) Notwithstanding any provision herein to the contrary, so long as the Bonds shall be in Book-Entry Form, the provisions of this Section 2.06 shall govern;

(c) All of the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest on and principal of any Bond registered in the name of Cede & Co. shall be made by wire transfer or New York Clearing House or equivalent same day funds by 10:00 a.m. CT or as soon as possible thereafter following the Bond Registrar's receipt of funds from the City on each Interest Payment Date to the account of Cede & Co. on each Interest Payment Date at the address indicated in or pursuant to the Representation Letter;

(d) DTC (or its nominees) shall be and remain recorded on the Bond Register as the holder of all Bonds which are in Book-Entry Form. No transfer of any Bond in Book-Entry Form shall be made, except from DTC to another depository (or its nominee) or except to terminate the Book-Entry Form. All Bonds of such stated maturity of any Bonds in Book-Entry Form shall be issued and remain in a single Bond certificate registered in the name of DTC (or its nominee); provided, however, that upon termination of the Book-Entry Form pursuant to the

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Representation Letter, the City shall, upon delivery of all Bonds of such series from DTC, promptly execute, and the Bond Registrar shall thereupon authenticate and delivery, Bonds of such series to all persons who were beneficial owners thereof immediately prior to such termination; and the Bond Registrar shall register such beneficial owners as holders of the applicable Bonds.

The Bond Registrar shall maintain accurate books and records of the principal balance, if any, of each such outstanding Bond in Book-Entry Form, which shall be conclusive for all purposes whatsoever. Upon the authentication of any new Bond in Book-Entry Form in exchange for a previous Bond, the Bond Registrar shall designate thereon the principal balance remaining on such bond according to the Bond Registrar's books and records.

No beneficial owner (other than DTC) shall be registered as the holder on the Bond Register for any Bond in Book-Entry Form or entitled to receive any bond certificate. The beneficial ownership interest in any Bond in Book-Entry Form shall be recorded, evidenced and transferred solely in accordance with the Book-Entry System.

Except as expressly provided to the contrary herein, the City and the Bond Registrar may treat and deem DTC to be the absolute owner of all Bonds of each series which are in Book-Entry Form (i) for the purpose of payment of the principal of and interest on such Bond, (ii) for the purpose of giving notices hereunder, and (iii) for all other purposes whatsoever;

(e) The City and the Bond Registrar shall each give notices to DTC of such matters and at such times as are required by the Representation Letter, including the following:

(i) with respect to notices of redemption; and

(ii) with respect to any other notice required or permitted under this Bond Resolution to be given to any holder of a Bond.

All notices of any nature required or permitted hereunder to be delivered to a holder of a Bond in Book-Entry Form shall be transmitted to beneficial owners of such Bonds at such times and in such manners as shall be determined by DTC, the participants and indirect participants in accordance with the Book-Entry System and the Representation Letter;

(f) All payments of principal, redemption price of and interest on any Bonds in Book-Entry Form shall be paid to DTC (or Cede & Co.) in accordance with the Book-Entry System and the Representation Letter in same day funds by wire transfer.

2.07 The City shall cause to be kept by the Bond Registrar a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the City shall provide for the registration of the Bonds and the registration of transfers of the Bonds entitled to be registered or transferred as herein provided. In the event of the resignation or removal of the Bond Registrar or its incapability of acting as such, the bond registration records shall be maintained at the office of the successor Bond Registrar as may be appointed by the City Council. Upon surrender for transfer of any Bond at the principal corporate office of the Bond Registrar, the City shall execute and the Bond Registrar shall authenticate, if required by law or this Resolution, and deliver, in the name(s) of the designated transferee or transferees, one or more new Bonds of the like aggregate principal amount, as requested by the transferor.

2.08 Each Bond delivered upon transfer of or in exchange for or in lieu of any other Bond shall carry all of the rights to interest, accrued and unpaid and to accrue, which are carried by such other Bond. Each Bond shall be dated by the Bond Registrar as of the date of its authentication. The City and the Bond Registrar shall not be required to make any transfer or exchange of any Bonds called for redemption or to make any such exchange or transfer of the Bonds during the 15 days next preceding the date of the mailing of the notice of redemption in the case of a proposed redemption of the Bonds.

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2.09 The City and the Bond Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and interest on such Bond and for all other purposes whatsoever, whether or not such Bond be overdue, and neither the City nor the Bond Registrar shall be affected by notice to the contrary.

2.10 The principal of and interest on the Bonds shall be payable by the Bond Registrar, as paying agent, in such funds as are legal tender for the payment of debts due the United States of America. The City shall pay the reasonable and customary charges of the Bond Registrar for the disbursement of principal and interest.

2.11 Delivery of the Bonds and payment of the purchase price shall be made at a place mutually satisfactory to the City and the Purchaser. Printed or typewritten and executed Bonds shall be furnished by the City without cost to the Purchaser. The Bonds, when prepared in accordance with this Resolution and executed, shall be delivered by or under the direction of the treasurer to the Purchaser upon receipt of the purchase price plus accrued interest.

Section 3. Form of the Bonds.

3.01 The Bonds shall be printed or typewritten in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF ST. LOUIS

CITY OF DULUTH
GENERAL OBLIGATION STREET IMPROVEMENT REFUNDING BOND,
SERIES 2012D

R-__			\$_____
Interest Rate	Maturity Date	Date of Original Issue	CUSIP
	February 1, ____	November __, 2012	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Duluth, in St. Louis County, Minnesota (the "City"), for value received, promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above, and to pay interest on said principal amount to the registered owner hereof from the Date of Original Issue, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, until the principal amount is paid or discharged, said interest being at the interest rate per annum specified above. Interest is payable semiannually on February 1 and August 1 of each year (each referred to herein as an "Interest Payment Date") commencing on August 1, 2013. Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the main office of Wells Fargo Bank, National Association of Minneapolis, Minnesota, as registrar, paying agent, authenticating agent and transfer agent (the "Bond Registrar"), or at the office of such successor bond registrar as may be designated by the City. The Bond

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Registrar shall make all interest payments with respect to this Bond directly to the registered owner hereof shown on the bond registration records maintained on behalf of the City by the Bond Registrar at the close of business on the 15th day of the month next preceding the Interest Payment Date (whether or not a business day) at such owner's address shown on said bond registration records, without, except for payment of principal on the Bond, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the City to the extent of the payments so made. Payment of principal shall be made upon presentation and surrender of this Bond to the Bond Registrar when due. For the prompt and full payment of such principal and interest as they become due, the full faith and credit of the City are irrevocably pledged.

This Bond is one of a series issued by the City in the aggregate amount of \$6,905,000, all of like original issue date and tenor, except as to number, maturity date, denomination and interest rate, pursuant to: (i) the authority contained in Minnesota Statutes, Chapter 475, Section 475.67, Subdivisions 1 through 12 and all other laws thereunto enabling; and (ii) an authorizing resolution adopted by the governing body of the City on November 8, 2012 (the "Resolution"), for the purpose of providing money to refund, on a current refunding basis, the outstanding principal amount of the City's General Obligation Street Improvement Bonds, Series 2003D, dated September 1, 2003, to refund, on a current refunding basis, a portion of the outstanding principal amount of the General Obligation Street Improvement Bonds, Series 2004B, dated September 1, 2004, and to refund, on an advance refunding basis, a portion of the outstanding principal amount of the General Obligation Street Improvement Bonds, Series 2005D, dated October 6, 2005. The Bonds and interest thereon will be payable in part from special assessments levied against property specially benefitted by local public improvements and in part from annual ad valorem taxes, as described in the Resolution.

The Bonds are not subject to optional redemption and prepayment prior to maturity.

The Bonds of this series are issued as fully registered bonds without coupons, in the denomination of \$5,000 or any integral multiple thereof. Subject to limitations set forth in the Resolution, this Bond is transferable by the registered owner hereof upon surrender of this Bond for transfer at the principal corporate office of the Bond Registrar, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Bond Registrar and executed by the registered owner hereof or the owner's attorney duly authorized in writing. Thereupon the City shall execute and the Bond Registrar shall authenticate and deliver, in exchange for this Bond, one or more new fully registered Bonds in the name of the transferee, of an authorized denomination, in an aggregate principal amount equal to the principal amount of this Bond, of the same maturity, and bearing interest at the same rate.

IT IS CERTIFIED AND RECITED that all acts and conditions required by the Charter of the City and by the laws and the Constitution of the State of Minnesota to be done, and to exist precedent to and in the issuance of this Bond in order to

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make it a valid and binding general obligation of the City in accordance with its terms, have been done and do exist in form, time, and manner as so required; that all taxable property within the corporate limits of the City is subject to the levy of ad valorem taxes to the extent needed to pay the principal hereof and the interest hereon when due, without limitation as to rate or amount; and that the issuance of this Bond does not cause the indebtedness of the City to exceed any constitutional, statutory or charter limitation.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Bond Registrar's Authentication Certificate hereon shall have been executed by the Bond Registrar by one of its authorized representatives.

IN WITNESS WHEREOF, the City of Duluth, in St. Louis County, Minnesota, by its City Council, has caused this Bond to be executed in its name by the facsimile signatures of the mayor and the clerk.

ATTEST:

Clerk

Mayor

Date of Authentication: _____

BOND REGISTRAR'S AUTHENTICATION CERTIFICATE

The Bond Registrar confirms that the books reflect the ownership of the Bond registered in the name of the owner named above in the principal amount and maturity date stated above and this Bond is one of the Bonds of the series issued pursuant to the Resolution hereinabove described.

WELLS FARGO BANK, NATIONAL ASSOCIATION
Bond Registrar

By _____

Authorized Representative

REGISTRATION CERTIFICATE

This Bond must be registered as to both principal and interest in the name of the owner on the books to be kept by Wells Fargo Bank, National Association, of Minneapolis, Minnesota, as Bond Registrar. No transfer of this Bond shall be valid unless made on said books by the registered owner or the owner's attorney thereunto duly authorized and similarly noted on the registration books. The ownership of the unpaid principal balance of this Bond and the interest accruing thereon is registered on the books of Wells Fargo Bank, National Association as Bond Registrar, in the name of the registered owner last noted below.

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Date	Registered Owner	Signature of Bond Registrar
11/___/2012	Cede & Co. c/o The Depository Trust Company 55 Water Street New York, NY 10041 Federal Taxpayer I.D. No.: 13- 2555119	_____

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Name and Address of Assignee)

_____ Social Security or Other
_____ Identifying Number of Assignee

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 thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

(Bank, Trust Company, member of
National Securities Exchange)

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City or its agent for registration of transfer, exchange, or payment, and any bond issued is registered

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in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Section 4. Escrow Agreement; Escrow Agent.

4.01 Wells Fargo Bank, National Association of Minneapolis, Minnesota, which is a suitable financial institution within the State of Minnesota whose deposits are insured by the Federal Deposit Insurance Corporation whose combined capital and surplus is not less than \$500,000, is hereby designated escrow agent (the "Escrow Agent") with respect to the February 1, 2013 maturity of the 2004 Bonds and the Refunded Bonds.

4.02 On or prior to the delivery of the Bonds, the mayor and the clerk are hereby authorized and directed to execute on behalf of the City an escrow agreement (the "Escrow Agreement") with the Escrow Agent in substantially the form now on file with the clerk as Public Document No.12-1108-02. The execution and delivery of the Escrow Agreement by the mayor and the clerk, in the form presented to the City Council with such changes, omissions, insertions and revisions as the mayor and the clerk deem advisable is hereby approved, and the execution by such officers shall be conclusive evidence of such approval. All essential terms and conditions of the Escrow Agreement, including payment by the City of reasonable charges for the services of the Escrow Agent, are hereby approved and adopted and made a part of this Resolution, and the City covenants that it will promptly enforce all provisions thereof in the event of default thereunder by the Escrow Agent.

Section 5. Covenants, revenues, accounts and tax levies.

5.01 (a) Debt service fund. For the convenience and proper administration of the monies to be borrowed and repaid on the Bonds and to provide adequate and specific security for the Purchaser and holders from time to time of the Bonds, there is hereby created a separate account within the special assessment debt service fund to be designated the 2012D Street Improvement Refunding Bonds Debt Service Account (the "Debt Service Fund") to be administered and maintained by the treasurer as a bookkeeping account, separate and apart from all other accounts maintained in the official financial records of the City. The Debt Service Fund shall be maintained in the manner herein specified until all of the Bonds and interest thereon have been fully paid. To the Debt Service Fund there is hereby pledged and irrevocably appropriated and there shall be credited: (i) any balance remitted to the City upon termination of the Escrow Agreement attributable to the Refunded Bonds; (ii) any balance remaining on the 2003 Bonds Redemption Date, the 2004 Bonds Redemption Date and the 2005 Bonds Redemption Date, as applicable, in the debt service accounts created in the City's resolutions authorizing the issuance and sale of the 2003 Bonds (Resolution No. 03-0612), the 2004 Bonds (Resolution No. 04-0563), and the 2005 Bonds (Resolution No. 05-0633) (the "Prior Resolutions") after payment of principal and interest on the 2003 Refunded Bonds on the 2003 Bonds Redemption Date, on the 2004 Refunded Bonds on the 2004 Bonds Redemption Date and on the 2005 Refunded Bonds on the 2005 Bonds Redemption Date; (iii) all special assessments levied for the projects listed in Section 1.01 of the Prior Resolutions; (iv) any collections of ad valorem taxes hereafter levied for the payment of the Bonds and interest thereon; (v) all investment earnings on funds in the Debt Service Fund; (vi) accrued interest, if any, received from the Purchaser upon delivery of the Bonds to the extent not required to fund the Escrow Account (the "Accrued Interest"); (vii) any amount of additional interest permitted

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by Section 475.56 of the Act paid by the Purchaser (the "Additional Interest"), to the extent not required to fund the Escrow Account; (viii) all taxes pledged to repayment of the Refunded Bonds (but not the unrefunded portion of the 2005 Bonds) in the Prior Resolutions hereafter collected pursuant to levies made in the Prior Resolutions; (ix) unused discount (\$10,679.52); and (x) any and all other monies which are properly available and are appropriated by the City to the Debt Service Fund including taxes levied in Section 5.03 hereof. The amount of any surplus remaining in the Debt Service Fund when the Bonds and interest thereon are paid shall be used as provided in Section 475.61, Subdivision 4 of the Act;

(b) Escrow account;

(i) To the Escrow Account there is hereby pledged and irrevocably appropriated and there shall be credited: (a) the proceeds of the Bonds received from the Purchaser which are not appropriated to the Debt Service Fund or are not to be used for payment of costs of issuance of the Bonds; (b) Accrued Interest; (c) Additional Interest [amounts referenced in clauses (a), (b) and (c) are herein referred to as the "Proceeds"]; (d) funds of the City in an amount (\$396,846.88), which are sufficient to pay the principal of and interest on the 2003 Bonds due on February 1, 2013, funds of the City in the amount (\$365,456.25), which are sufficient to pay the principal of and interest due on February 1, 2013 on the 2004 Bonds, and \$47,163.13 of funds of the City for prepayment of the 2005 Refunded Bonds (the "Funds"); and (e) investment earnings on such monies referenced in clauses (a), (b), (c) and (d), for (A) the prepayment and redemption of the principal and interest on the 2003 Refunded Bonds on the 2003 Bonds Redemption Date; (B) the payment of principal and interest due on the 2004 Bonds on February 1, 2013, and the prepayment and redemption of the principal of the 2004 Refunded Bonds called for redemption and prepayment on the 2004 Bonds Redemption Date; and (C) the payment of interest due on the 2005 Refunded Bonds on February 1, 2013, August 1, 2013 and February 1, 2014, and the prepayment and redemption of the principal of the 2005 Refunded Bonds called for redemption and prepayment on the 2005 Bonds Redemption Date;

(ii) The Escrow Account shall be maintained with the Escrow Agent pursuant to the Escrow Agreement and this Resolution. The Escrow Account shall be invested in accordance with the Act, the Escrow Agreement and this Section, in securities specified in Section 475.67, Subdivision 8(a) of the Act, which investments will provide sufficient funds together with any cash or other funds retained in the Escrow Account (a) for the 2003 Bonds for the prepayment of principal and interest on the 2003 Refunded Bonds on the 2003 Bonds Redemption Date; (b) for the 2004 Bonds for the payment of principal and interest due on February 1, 2013 and for the principal of the 2004 Refunded Bonds called for redemption and prepayment on the 2004 Bonds Redemption Date; and (c) for the 2005 Bonds for the payment of interest on the 2005 Refunded Bonds due on February 1, 2013, August 1, 2013, and February 1, 2014, and the principal of the 2005 Refunded Bonds called for redemption and prepayment on the 2005 Bonds Redemption Date (collectively, the "Escrow Account Obligations");

(iii) From the Escrow Account there shall be paid the Escrow Account Obligations on the dates set forth in subparagraph (ii) above;

(iv) The Escrow Account (a) for the 2003 Refunded Bonds as set forth above is irrevocably appropriated to the prepayment and redemption of the principal of and interest on the 2003 Refunded Bonds on the 2003 Bonds Redemption Date; (b) for the 2004 Bonds as set forth above for the payment of principal of and interest on the 2004 Bonds due on February 1, 2013, and for the prepayment and redemption of the 2004 Refunded Bonds due by reason of redemption and prepayment on the 2004 Bonds Redemption Date; and (c)

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for the 2005 Refunded Bonds as set forth above for the payment of interest due on the 2005 Refunded Bonds on February 1, 2013, August 1, 2013 and February 1, 2014, and for the prepayment and redemption of the 2005 Refunded Bonds due by reason of redemption and prepayment on the 2005 Bonds Redemption Date. The monies in the Escrow Account for the Bonds shall be used solely for the purposes herein set forth and for no other purpose, except that any surplus in the Escrow Account may be remitted to the City all in accordance with the Escrow Agreement. Any monies remitted to the City upon termination of the Escrow Agreement shall be deposited in the Debt Service Fund;

(v) Securities purchased for the Escrow Account shall be purchased simultaneously with the delivery of and payment for the Bonds. The mayor and clerk or their designee are authorized and directed to purchase such securities;

(c) The construction funds created for the 2003 Bonds, the 2004 Bonds and the 2005 Bonds have previously been terminated and all bond proceeds therein have been expended;

(d) The City shall pay for the costs of issuance of the Bonds with proceeds of the Bonds in the amount of \$48,000.

5.02 The City Council hereby declares that it has assessed against benefitted property not less than 20% of the cost of the projects financed by each of the 2003 Bonds, the 2004 Bonds and the 2005 Bonds. The City further declares that it has completed the special assessment process, including any and all supplemental assessments or reassessments that were required to lawfully assess the benefitted property.

5.03 (a) The full faith and credit and taxing power of the City are hereby irrevocably pledged for the prompt and full payment of the principal of and interest on the Bonds, as such principal and interest respectively become due. To provide monies for the payment of the principal and interest on the Bonds, there is hereby levied a direct, annual ad valorem tax upon all taxable property within the City which shall be extended upon the tax rolls and collected with and as part of the other general property taxes of the City for the years and in the amounts as follows:

Levy Year	Collection Year	Gross Tax Levy	Estimated Special Assessment Revenue	Net Tax Levy
2012	2013	\$ 908,327	\$164,919	\$743,408
2013	2014	1,200,465	243,464	957,001
2014	2015	1,211,700	245,864	965,836
2015	2016	1,227,608	247,770	979,838
2016	2017	1,231,598	249,170	982,428
2017	2018	1,234,485	255,070	979,415
2018	2019	795,270	159,775	635,495
2019	2020	383,933	78,188	305,745

Said levies are such that if collected in full they, together with the estimated receipts of special assessments pledged for payment of principal and interest on the Bonds, will produce at least 5% in excess of the amount needed to meet when due the principal and interest on the Bonds.

Such tax levies shall be irrevocable as long as any of the Bonds issued hereunder are outstanding and unpaid; provided, however, that in each year while any Bonds issued hereunder remain outstanding, the City Council shall reduce or cancel the above levies

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to the extent of an irrevocable appropriation to the Debt Service Fund of monies actually on hand for payment of the principal and interest payable in the ensuing year and shall direct the county auditor to reduce the levy for such calendar year by that amount;

(b) All proceeds of the special assessments from the properties described in Section 1.01 of each of the Prior Bonds Resolutions and said taxes are hereby appropriated and shall be paid when collected into the Debt Service Fund. If the balance in the Debt Service Fund is ever insufficient to pay all principal and interest then due on the Bonds, the treasurer shall nevertheless provide sufficient money from any other funds of the City which are available for that purpose, and such other funds shall be reimbursed from the Debt Service Fund when the balance therein is sufficient.

5.04 Proceeds of the Bonds on deposit in the Debt Service Fund may, in the discretion of the city treasurer, be invested in securities permitted by Minnesota Statutes, Chapter 118A; provided, that any such investment shall mature at such time and in such amounts as will permit the payment of costs for the improvement program and/or payment of the principal and interest on the Bonds when due.

Section 6. Refunding; findings; redemption of Refunded Bonds.

6.01 (a) It is hereby found and determined, based upon information presently available from the City's financial advisers, that as of the date of issuance of the Bonds, the issuance of the Bonds will result in a reduction of debt service cost to the City. In accordance with Section 475.67, Subdivision 12 of the Act, as of the date of issuance of the Bonds, the present value of the dollar amount of the debt service on the Bonds, computed to their stated maturity dates, after deducting any premium, is lower by at least three percent than the present value of the dollar amount of debt service, on the Refunded Bonds, exclusive of any premium, computed to their stated maturity dates;

(b) It is hereby found and determined that the Proceeds and Funds available and appropriated to the Escrow Account for the Refunded Bonds and the 2013 maturity of the 2004 Bonds as set forth in Section 5 will be sufficient, together with the permitted earnings on the investment of the Escrow Account, to pay the Escrow Account Obligations on the dates set forth in Section 5.01(b)(ii).

6.02 The Refunded Bonds shall be redeemed and prepaid in accordance with their terms and in accordance with the terms and conditions set forth in the forms of notices of call for redemption attached to the Escrow Agreement, which terms and conditions are hereby approved and incorporated herein by reference. The Escrow Agent is hereby authorized and directed to send written notice of the call for redemption to the paying agent or bond registrar, as the case may be, and bond insurance company (if any), for the Refunded Bonds in accordance with their terms and the Escrow Agreement.

6.03 The Escrow Agent is authorized and directed to cause to be provided a material event notice regarding the refunding and the defeasance of the Refunded Bonds in accordance with the continuing disclosure certificates of the City dated September 1, 2003, and delivered in connection with the 2003 Bonds, dated September 1, 2004, and delivered in connection with the 2004 Bonds, and dated October 6, 2005, and delivered in connection with the 2005 Bonds.

Section 7. Defeasance.

7.01 When all Bonds and all interest thereon have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this Resolution to the holders of the Bonds shall 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 shall remain in full force and effect. The City may discharge all Bonds which are due on any date by depositing with

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the Bond Registrar on or before that date a sum sufficient for the payment thereof in full. If any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Bond Registrar designated in Section 2.05 hereof a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also at any time discharge and cause defeasance of the Bonds in their entirety by complying with the provisions of Section 475.67 of the Act, except that the funds deposited in escrow in accordance with said provisions may (to the extent permitted by law) but need not be, in whole or in part, proceeds of bonds as therein provided, without the consent of any bondholders.

Section 8. Certificate of proceedings.

8.01 The clerk is directed to file with the county auditor a certified copy of this Resolution and such other information as the county auditor may require, and to obtain from the county auditor a certificate stating that the Bonds have been duly entered on his register.

8.02 The officers of the City are authorized and directed to prepare and furnish to the Purchaser and to bond counsel certified copies of all proceedings and records of the City relating to the authorization and issuance of the Bonds and other affidavits and certificates as may reasonably be requested to show the facts relating to the legality and marketability of the Bonds as such facts appear from the official books and records of the officers' custody or otherwise known to them. All of such certified copies, certificates and affidavits, including any heretofore furnished, constitute representations of the City as to the correctness of facts recited therein and the actions stated therein to have been taken.

8.03 The mayor and clerk 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.

Section 9. Tax covenants.

9.01 The City covenants and agrees with the holders of the Bonds that the City will (i) take all action on its part necessary to cause the interest on the Bonds to be exempt from federal income taxes including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Bonds and investment earnings thereon, making required payments to the federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Bonds to be subject to federal income taxes, including, without limitation, refraining from spending the proceeds of the Bonds and investment earnings thereon on certain specified purposes.

9.02 (a) No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (i) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued, and (ii) in addition to the above, in an amount not greater than the lesser of five percent of the proceeds of the Bonds or \$100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Debt Service Fund (or any other City account which will be used to pay principal and interest to become due on the Bonds) in excess of amounts which under the applicable federal arbitrage regulations may be invested without regard as to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by the arbitrage regulations on such investments after taking into account any applicable temporary periods or minor portion made available under the federal arbitrage regulations;

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(b) The proceeds of the Bonds and money in the Debt Service Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be federally guaranteed within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code");

(c) The City hereby covenants not to use the proceeds of 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.

9.03 In addition to the Bonds, the City is selling, pursuant to a single offering document and on the same date, the following tax-exempt obligations: General Obligation Capital Equipment Notes, Series 2012C (the "Notes"), and General Obligation Sewer Utility Revenue Refunding Bonds, Series 2012E (the "Series 2012E Bonds"). The Bonds will not be paid out of substantially the same source of funds as the 2012E Bonds; consequently, the Bonds will not be combined with the Series 2012E Bonds for a single issue. However, the Bonds and the Notes are expected to be paid from substantially the same source of funds and are an issue under Treasury Regulations Section 1.150-1(c).

9.04 (a) The City covenants and certifies to and for the benefit of the owners of the Bonds that no use will be made of the proceeds of the Bonds, which will cause the Bonds to be arbitrage bonds within the meaning of Section 148(a) of the Code and the Treasury Regulations promulgated thereunder. Pursuant to such covenant, the City hereby agrees to comply throughout the term of the issue of the Bonds with the requirements of Section 148 of the Code and any Treasury Regulations promulgated thereunder; to this end, the City shall:

(i) maintain records identifying all "gross proceeds" (as defined in Section 148(f)(6)(B) of the Code) attributable to the Bonds, the yield at which such gross proceeds are invested, any arbitrage profit derived therefrom (earnings in excess of the yield on the Bonds) and any earnings derived from the investment of such arbitrage profit;

(ii) make, or cause to be made as of the end of each Bond Year, the annual determinations of the amount, if any, of excess arbitrage required to be paid to the United States by the City (hereinafter, the "Rebate Amount");

(iii) pay, or cause to be paid, to the United States at least once every five Bond Years the amount, if any, which is required to be paid to the United States, including the last installment which shall be made no later than 60 days after the day on which the Bonds are paid in full;

(iv) not invest, or permit to be invested, "gross proceeds" in any acquired non-purpose obligations so as to deflect arbitrage otherwise payable to the United States as a "prohibited payment" to a third party;

(v) retain all records of the annual determinations of the foregoing amounts until six years after the Bonds have been fully paid; and

(vi) in order to comply with the foregoing paragraph, the City shall determine the Rebate Amount within 30 days after the close of each Bond Year and upon payment in full of the Bonds; upon each such determination, the City shall deposit in the Rebate Fund the Rebate Amount so determined; the City shall separately account for the earnings from the investment of the Rebate Amount and such earnings shall become part of the Rebate Amount;

(b) For purposes of this section, "Bond Year" shall mean the 12-month period beginning on the date of issuance of the Bonds or such other 12-month period designated by the Board which is permitted by the Code or any Treasury Regulation promulgated thereunder.

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Section 10. Continuing disclosure. The City acknowledges that the Bonds are subject to the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) (the "Rule"). The Rule governs the obligations of certain underwriters to require that issuers of municipal bonds enter into agreements for the benefit of the bondholders to provide continuing disclosure with respect to the bonds. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit underwriters of the Bonds to comply with the Rule, which will enhance the marketability of the Bonds, the mayor and the clerk are hereby authorized and directed to execute a continuing disclosure certificate substantially in the form of the certificate currently on file in the office of the city clerk as Public Document No. 12-1108-01.

Resolution 12-0558 was unanimously adopted.

Approved November 8, 2012

DON NESS, Mayor

- - -

BE IT RESOLVED, by the city council (the "City Council") of the city of Duluth, St. Louis County, Minnesota (the "City"), as follows:

Section 1. Bond purpose and authorization.

1.01 The Duluth Economic Development Authority ("DEDA"), the City and St. Mary's/Duluth Clinic Health System agreed to cooperate in developing the parking ramp constructed in connection with the St. Mary's/Duluth Clinic Health Systems Digestive Disease/Cancer Center Project. DEDA established a Development Program and a Plan for Development District No. 17 and has created Tax Increment Financing District No. 22 located in Development District No. 17 ("TIF District No. 22"). Such Development Plan and the Tax Increment Financing Plan for TIF District No. 22 provides for the use of tax increment from TIF District No. 22 for public development costs associated with the construction and improvement of City parking facilities. The City financed a portion of the public development costs associated with the parking ramp constructed by the City within TIF District No. 22 (the "Parking Ramp"), and related project facilities costs for rock removal (collectively, the "Project"), with taxable general obligation tax increment bonds.

1.02 Pursuant to Minnesota Statutes Chapter 475 and Section 469.178 and the home rule charter of the City, the City previously issued \$12,785,000 Taxable General Obligation Tax Increment Bonds, Series 2005G, dated December 16, 2005 (the "2005 Bonds"), for the purpose of financing a portion of the public development costs associated with the Project constructed by the City within TIF District No. 22 as described in Section 1.01.

1.03 Under and pursuant to the provisions of Minnesota Statutes, Chapter 475 (the "Act") and, specifically, Section 475.67, Subdivisions 1 through 12 of the Act and Section 469.178, the City is authorized to issue and sell its general obligation bonds to refund certain maturities of the 2005 Bonds in advance of their scheduled maturities, if consistent with covenants made with the holders thereof, when determined by the City to be necessary or desirable for the reduction of debt service cost to the City or for the extension or adjustment of maturities in relation to the resources available for their payment.

1.04 The City Council hereby determines that it is necessary, expedient and in the best interest of the City's residents that the City issue, sell and deliver its \$10,270,000 Taxable General Obligation Tax Increment Refunding Bonds, Series 2012F (the "Bonds"), to refund the outstanding 2005 Bonds maturing on and after February 1, 2015, of which \$9,440,000 in principal amount is outstanding (the "Refunded Bonds"), in order to reduce debt service cost to the City. The 2005 Bonds maturing on and after February 1, 2015 are subject to prepayment

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and redemption on February 1, 2014. (February 1, 2014 is herein referred to as the "Redemption Date.") The 2005 Bonds maturing on February 1, 2013 and February 1, 2014 are not being prepaid or defeased (the "Unrefunded Portion of the 2005 Bonds").

1.05 The City's plan of finance for the payment and prepayment of the 2005 Bonds is as follows:

(a) The February 1, 2013 and the February 1, 2014 maturities of the 2005 Bonds shall remain outstanding and interest thereon due on February 1, 2013, on August 1, 2013, and on February 1, 2014, shall not be defeased pursuant to this Resolution and the Escrow Agreement. The City will pay from the debt service account for the 2005 Bonds the principal of and interest due on the Unrefunded Portion of the 2005 Bonds when due;

(b) Proceeds of the Bonds shall be deposited in the Escrow Account held under the Escrow Agreement described in Section 4 and Section 5.04, which together with certain funds of the City and investment earnings thereon, will be sufficient to pay (i) interest on the Refunded Bonds due on February 1, 2013, on August 1, 2013, and on February 1, 2014, and (ii) the redemption and prepayment of the Refunded Bonds on the Redemption Date. The Escrow Account under the Escrow Agreement will provide the funds to pay the interest on the Refunded Bonds on February 1, 2013, on August 1, 2013, and on February 1, 2014, and to prepay and redeem the principal of the Refunded Bonds on the Redemption Date.

1.06 Public Financial Management, Inc., financial consultant to the City, has given notification by mail, facsimile or electronic data transmission to at least five firms determined by Public Financial Management, Inc. to be prospective bidders on the Bonds at least two days (omitting Saturdays, Sundays and legal holidays) before the date set for receipt of bids on the Bonds. All actions of the mayor, the clerk and Public Financial Management, Inc. taken with regard to the sale of the Bonds are hereby ratified and approved.

1.07 Pursuant to such solicitation for bids for the sale of the Bonds, the City Council has received and considered all bids presented pursuant to the official terms of offering and has determined that the most favorable bid is that of Raymond James & Associates, Inc. of Memphis, Tennessee (the "Purchaser"), to purchase the Bonds at a cash price of \$10,245,593.43, upon condition that the Bonds mature and bear interest at the times and annual rates set forth in Section 2. The City, after due consideration, finds such offer reasonable and proper and the offer of the Purchaser is hereby accepted. The mayor and the city clerk are authorized and directed to execute on the part of the City a contract for the sale of the Bonds in accordance with the Purchaser's bid. The city treasurer is directed to deposit the good faith check of the successful bidder.

Section 2. Terms of the Bonds.

2.01 The Bonds shall be dated as of the date of delivery, as the date of original issue, shall be issued in the denomination of \$5,000, or any integral multiple thereof, in fully registered form and lettered and numbered R-1 and upward. The Bonds shall mature on February 1 in the respective years and amounts and shall bear interest at the annual rates stated as follows:

Year	Amount	Interest Rate
2014	\$150,000	1.000%
2015	775,000	1.000%
2016	780,000	1.000%
2017	785,000	1.000%
2018	795,000	2.000%
2019	810,000	2.000%

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Year	Amount	Interest Rate
2020	830,000	2.000%
2021	845,000	2.000%
2022	860,000	2.125%
2023	880,000	2.250%
2024	895,000	2.375%
2025	920,000	2.625%
2026	945,000	2.750%

2.02 (a) The Bonds are subject to optional redemption and prepayment prior to their respective maturities, in whole or in part, at the option of the City on any date at a redemption price equal to the “Make Whole Redemption Price.”

The “Make Whole Redemption Price” is equal to the greater of (i) the amortized issue price of the Bonds set forth in the Official Statement (but not less than 100%) of the principal amount of the Bonds to be redeemed; or (ii) the sum of the present values of the remaining scheduled payments of principal and interest to the maturity date of the Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Bonds are to be redeemed, discounted to the date on which the Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 50 basis points (0.50%), plus, in each case, accrued interest on the Bonds to be redeemed to the redemption date.

The “Treasury Rate” is, with respect to any redemption date for a particular Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity, excluding inflation indexed securities (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the call notice date or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

In connection with any optional redemption, the Make Whole Redemption Price will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the City at the City’s expense. The City may conclusively rely on such determination of the Make Whole Redemption Price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance;

(b) In the event any of the Bonds are called for redemption, notice thereof identifying the Bonds to be redeemed will be given by the Bond Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid) at least 30 days but not more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books kept by the Bond Registrar; provided however, that so long as the Bonds are registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), notice of redemption shall be given in accordance with the terms of the Representation Letter hereinafter described. Failure to give notice by mail to any registered owner, or any defect therein, will not affect the validity of any proceeding for the redemption of Bonds not affected by such defect or failure. Bonds so called for redemption will cease to bear interest after the

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specified redemption date, provided that the funds for the redemption are on deposit with the place of payment at that time;

(c) If less than all the Bonds of a maturity are called for redemption while the Bonds are registered in the name of Cede & Co., the City or the Bond Registrar designated below will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each beneficial ownership interest in such maturity to be redeemed. If less than all the Bonds of a maturity are called for redemption and the Bonds are not registered in the name of Cede & Co., the Bond Registrar will determine by lot or other manner deemed fair, the amount of each maturity to be redeemed. All prepayments shall be at a price equal to the principal amount thereof plus accrued interest.

2.03 The interest shall be payable semiannually on February 1 and August 1 in each year (each herein referred to as an "Interest Payment Date") commencing on August 1, 2013. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board. The Bond Registrar appointed below shall make all interest payments with respect to the Bonds by check or draft mailed to the registered owners of the Bonds shown on the bond registration records maintained by the Bond Registrar at the close of business on the 15th day (whether or not on a business day) of the month next preceding the Interest Payment Date at such owners' addresses shown on such bond registration records.

2.04 (a) The Bonds shall be prepared for execution in accordance with the approved form and shall be signed by the manual or facsimile signature of the mayor and attested by the manual or facsimile signature of the clerk. The corporate seal of the City may be omitted as permitted by law. In case any officer whose signature shall appear on the Bonds shall cease to be an officer before delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes, as if he or she had remained in office until delivery;

(b) The clerk is authorized to obtain a copy of the proposed approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A. of Duluth, Minnesota, and cause the opinion to be attached to each Bond.

2.05 The City hereby appoints Wells Fargo Bank, National Association, in Minneapolis, Minnesota, as registrar, authenticating agent, paying agent and transfer agent for the Bonds (such bank or its successor is herein referred to as the "Bond Registrar"). To provide for the Bond Registrar services, the mayor and the clerk are authorized and directed to execute a bond registrar/paying agent agreement substantially in the form of the agreement currently on file in the office of the city clerk as Public Document No. 04-0219-02. No Bond shall be valid or obligatory for any purpose until the Bond Registrar's authentication certificate on such Bond, substantially set forth in Section 3.01 hereof, shall have been duly executed by an authorized representative of the Bond Registrar. Authentication certificates on different Bonds need not be signed by the same representative. The manual signature of one officer of the City or the executed authentication certificate on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

2.06 (a) In order to make the Bonds eligible for the services provided by DTC, the City has previously agreed to the applicable provisions set forth in the blanket issuer letter of representations which has been executed by the City and DTC (the "Representation Letter");

(b) Notwithstanding any provision herein to the contrary, so long as the Bonds shall be in Book-Entry Form, the provisions of this Section 2.06 shall govern;

(c) All of the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest on and principal of any Bond registered in the name of Cede & Co. shall be made by wire transfer or New York Clearing House or equivalent same

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day funds by 10:00 a.m. CT or as soon as possible thereafter following the Bond Registrar's receipt of funds from the City on each Interest Payment Date to the account of Cede & Co. on each Interest Payment Date at the address indicated in or pursuant to the Representation Letter;

(d) DTC (or its nominees) shall be and remain recorded on the Bond Register as the holder of all Bonds which are in Book-Entry Form. No transfer of any Bond in Book-Entry Form shall be made, except from DTC to another depository (or its nominee) or except to terminate the Book-Entry Form. All Bonds of such stated maturity of any Bonds in Book-Entry Form shall be issued and remain in a single Bond certificate registered in the name of DTC (or its nominee); provided, however, that upon termination of the Book-Entry Form pursuant to the Representation Letter, the City shall, upon delivery of all Bonds of such series from DTC, promptly execute, and the Bond Registrar shall thereupon authenticate and delivery, Bonds of such series to all persons who were beneficial owners thereof immediately prior to such termination; and the Bond Registrar shall register such beneficial owners as holders of the applicable Bonds.

The Bond Registrar shall maintain accurate books and records of the principal balance, if any, of each such outstanding Bond in Book-Entry Form, which shall be conclusive for all purposes whatsoever. Upon the authentication of any new Bond in Book-Entry Form in exchange for a previous Bond, the Bond Registrar shall designate thereon the principal balance remaining on such bond according to the Bond Registrar's books and records.

No beneficial owner (other than DTC) shall be registered as the holder on the Bond Register for any Bond in Book-Entry Form or entitled to receive any bond certificate. The beneficial ownership interest in any Bond in Book-Entry Form shall be recorded, evidenced and transferred solely in accordance with the Book-Entry System.

Except as expressly provided to the contrary herein, the City and the Bond Registrar may treat and deem DTC to be the absolute owner of all Bonds of each series which are in Book-Entry Form (i) for the purpose of payment of the principal of and interest on such Bond, (ii) for the purpose of giving notices hereunder, and (iii) for all other purposes whatsoever;

(e) The City and the Bond Registrar shall each give notices to DTC of such matters and at such times as are required by the Representation Letter, including the following:

- (i) with respect to notices of redemption; and
- (ii) with respect to any other notice required or permitted under this Bond Resolution to be given to any holder of a Bond.

All notices of any nature required or permitted hereunder to be delivered to a holder of a Bond in Book-Entry Form shall be transmitted to beneficial owners of such Bonds at such times and in such manners as shall be determined by DTC, the participants and indirect participants in accordance with the Book-Entry System and the Representation Letter;

(f) All payments of principal, redemption price of and interest on any Bonds in Book-Entry Form shall be paid to DTC (or Cede & Co.) in accordance with the Book-Entry System and the Representation Letter in same day funds by wire transfer.

2.07 The City shall cause to be kept by the Bond Registrar a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the City shall provide for the registration of the Bonds and the registration of transfers of the Bonds entitled to be registered or transferred as herein provided. In the event of the resignation or removal of the Bond Registrar or its incapability of acting as such, the bond registration records shall be maintained at the office of the successor Bond Registrar as may be appointed by the City Council. Upon surrender for transfer of any Bond at the principal corporate office of the Bond

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to pay interest on said principal amount to the registered owner hereof from the Date of Original Issue, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, until the principal amount is paid or discharged, said interest being at the interest rate per annum specified above. Interest is payable semiannually on February 1 and August 1 of each year (each referred to herein as an "Interest Payment Date") commencing on August 1, 2013. Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the main office of Wells Fargo Bank, National Association of Minneapolis, Minnesota, as registrar, paying agent, authenticating agent and transfer agent (the "Bond Registrar"), or at the office of such successor bond registrar as may be designated by the City. The Bond Registrar shall make all interest payments with respect to this Bond directly to the registered owner hereof shown on the bond registration records maintained on behalf of the City by the Bond Registrar at the close of business on the 15th day of the month next preceding the Interest Payment Date (whether or not a business day) at such owner's address shown on said bond registration records, without, except for payment of principal on the Bond, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the City to the extent of the payments so made. Payment of principal shall be made upon presentation and surrender of this Bond to the Bond Registrar when due. For the prompt and full payment of such principal and interest as they become due, the full faith and credit of the City are irrevocably pledged.

This Bond is one of a series issued by the City in the aggregate amount of \$10,270,000, all of like original issue date and tenor, except as to number, maturity date, denomination and interest rate, pursuant to: (i) the authority contained in Minnesota Statutes, Chapter 475, Section 475.67, Subdivisions 1 through 12 and Section 469.178, and all other laws thereunto enabling; and (ii) an authorizing resolution adopted by the governing body of the City on November 8, 2012 (the "Resolution"), for the purpose of providing money to refund in advance of maturity a portion of the outstanding principal amount of the City's Taxable General Obligation Tax Increment Bonds, Series 2005G, dated December 16, 2005 (the "Refunded Bonds"). The Bonds and interest thereon will be payable in part from tax increment revenue from Tax Increment Financing District No. 22, in part from net revenues of the parking ramp financed with the Refunded Bonds, and in part from annual ad valorem real estate taxes, as set forth in the Resolution.

The Bonds are subject to optional redemption and prepayment prior to their respective maturities, in whole or in part, at the option of the City on any date at a redemption price equal to the "Make Whole Redemption Price." The "Make Whole Redemption Price" is equal to the greater of (i) the amortized issue price of the Bonds set forth in the Official Statement (but not less than 100%) of the principal amount of the Bonds to be redeemed; or (ii) the sum of the present values of the remaining scheduled payments of principal and interest to the maturity date of the Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Bonds are to be redeemed, discounted to the date on which the Bonds are to be redeemed

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on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 50 basis points (0.50%), plus, in each case, accrued interest on the Bonds to be redeemed to the redemption date. The "Treasury Rate" is, with respect to any redemption date for a particular Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity, excluding inflation indexed securities (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the call notice date or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. In connection with any optional redemption, the Make Whole Redemption Price will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the City at the City's expense. The City may conclusively rely on such determination of the Make Whole Redemption Price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

Not less than 30 nor more than 60 days prior to the date fixed for redemption and prepayment of any Bonds, notice of redemption shall be mailed to each registered owner of a Bond to be redeemed; however, that so long as the Bonds are registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), notice of redemption shall be given in accordance with the terms of the Blanket Issuer Letter of Representations executed by the City and DTC.

The Bonds of this series are issued as fully registered bonds without coupons, in the denomination of \$5,000 or any integral multiple thereof. Subject to limitations set forth in the Resolution, this Bond is transferable by the registered owner hereof upon surrender of this Bond for transfer at the principal corporate office of the Bond Registrar, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Bond Registrar and executed by the registered owner hereof or the owner's attorney duly authorized in writing. Thereupon the City shall execute and the Bond Registrar shall authenticate and deliver, in exchange for this Bond, one or more new fully registered Bonds in the name of the transferee, of an authorized denomination, in an aggregate principal amount equal to the principal amount of this Bond, of the same maturity, and bearing interest at the same rate.

IT IS CERTIFIED AND RECITED that all acts and conditions required by the Charter of the City and by the laws and the Constitution of the State of Minnesota to be done, and to exist precedent 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 and do exist in form, time, and manner as so required; that all taxable property within the corporate limits of the City is subject to the

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levy of ad valorem taxes to the extent needed to pay the principal hereof and the interest hereon when due, without limitation as to rate or amount; and that the issuance of this Bond does not cause the indebtedness of the City to exceed any constitutional, statutory or charter limitation.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Bond Registrar's Authentication Certificate hereon shall have been executed by the Bond Registrar by one of its authorized representatives.

IN WITNESS WHEREOF, the City of Duluth, in St. Louis County, Minnesota, by its City Council, has caused this Bond to be executed in its name by the facsimile signatures of the mayor and the clerk.

ATTEST:

Clerk

Mayor

Date of Authentication: _____

BOND REGISTRAR'S AUTHENTICATION CERTIFICATE

The Bond Registrar confirms that the books reflect the ownership of the Bond registered in the name of the owner named above in the principal amount and maturity date stated above and this Bond is one of the Bonds of the series issued pursuant to the Resolution hereinabove described.

WELLS FARGO BANK, NATIONAL ASSOCIATION
Bond Registrar

By _____
Authorized Representative

REGISTRATION CERTIFICATE

This Bond must be registered as to both principal and interest in the name of the owner on the books to be kept by Wells Fargo Bank, National Association, of Minneapolis, Minnesota, as Bond Registrar. No transfer of this Bond shall be valid unless made on said books by the registered owner or the owner's attorney thereunto duly authorized and similarly noted on the registration books. The ownership of the unpaid principal balance of this Bond and the interest accruing thereon is registered on the books of Wells Fargo Bank, National Association as Bond Registrar, in the name of the registered owner last noted below.

Date	Registered Owner	Signature of Bond Registrar
11/___/2012	Cede & Co. c/o The Depository Trust	_____

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Company
55 Water Street
New York, NY 10041
Federal Taxpayer I.D. No.:
13-2555119

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Name and Address of Assignee)

_____ Social Security or Other
_____ Identifying Number of Assignee

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 thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

(Bank, Trust Company, member of
National Securities Exchange)

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City or its agent for registration of transfer, exchange, or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR

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OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Section 4. Escrow Agreement; Escrow Agent.

4.01 Wells Fargo Bank, National Association of Minneapolis, Minnesota, which is a suitable financial institution within the State of Minnesota whose deposits are insured by the Federal Deposit Insurance Corporation whose combined capital and surplus is not less than \$500,000, is hereby designated escrow agent (the "Escrow Agent") with respect to the Refunded Bonds.

4.02 On or prior to the delivery of the Bonds, the mayor and the clerk are hereby authorized and directed to execute on behalf of the City an escrow agreement (the "Escrow Agreement") with the Escrow Agent in substantially the form now on file with the clerk as Public Document No. 12-1108-03. The execution and delivery of the Escrow Agreement by the mayor and the clerk, in the form presented to the City Council with such changes, omissions, insertions and revisions as the mayor and the clerk deem advisable is hereby approved, and the execution by such officers shall be conclusive evidence of such approval. All essential terms and conditions of the Escrow Agreement, including payment by the City of reasonable charges for the services of the Escrow Agent, are hereby approved and adopted and made a part of this Resolution, and the City covenants that it will promptly enforce all provisions thereof in the event of default thereunder by the Escrow Agent.

Section 5. Covenants, revenues, accounts and tax levies.

5.01 (a) Debt service fund. For the convenience and proper administration of the monies to be borrowed and repaid on the Bonds and to provide adequate and specific security for the Purchaser and holders from time to time of the Bonds, there is hereby created a separate debt service account (the "Debt Service Fund") within the City's debt service fund to be administered and maintained by the treasurer as a bookkeeping account, separate and apart from all other accounts maintained in the official financial records of the City, to be used solely for the payment of the interest and the principal, respectively, on the Bonds. The Debt Service Fund shall be maintained in the manner herein specified until all of the Bonds and interest thereon have been fully paid. To the Debt Service Fund there is hereby pledged and irrevocably appropriated and there shall be credited: (i) any balance remitted to the City upon termination of the Escrow Agreement attributable to the Refunded Bonds; (ii) any balance remaining on the Redemption Date in the debt service account created in the City's resolution authorizing the issuance and sale of the 2005 Bonds (Resolution No. 05-0803)(the "Prior Resolution") after payment of all principal and interest on the 2005 Bonds on the Redemption Date; (iii) all of the tax increment received pursuant to the Pledge Agreement pursuant to Section 5.02 and all of the net revenues from the Parking Ramp pursuant to Section 5.03; (iv) all collections of ad valorem taxes hereafter levied for the payment of the Bonds and interest thereon; (v) all investment earnings on funds in the Debt Service Fund; (vi) accrued interest, if any, received from the Purchaser upon delivery of the Bonds to the extent not required to fund the Escrow Account (the "Accrued Interest"); (vii) any amount of additional interest permitted by Section 475.56 of the Act paid by the Purchaser (the "Additional Interest"), to the extent not required to fund the Escrow Account; (viii) all taxes pledged to repayment of the Refunded Bonds in the Prior Resolution hereafter collected pursuant to levies made in the Prior Resolution, except for the tax levies needed to pay the principal of and interest on the Unrefunded Portion of the 2005 Bonds; (ix) unused discount (\$1,507.27); and (x) any and all other monies which are properly available and are appropriated by the City to the Debt Service Fund including taxes levied in Section 5.04 hereof. The amount of any surplus remaining in

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the Debt Service Fund when the Bonds and interest thereon are paid shall be used as provided in Section 475.61, Subdivision 4 of the Act;

(b) Escrow account;

(i) To the Escrow Account there is hereby pledged and irrevocably appropriated and there shall be credited: (1) the proceeds of the Bonds received from the Purchaser which are not appropriated to the Debt Service Fund or are not to be used for payment of costs of issuance of the Bonds; (2) Accrued Interest; (3) Additional Interest [amounts referenced in clauses (1), (2) and (3) are herein referred to as the "Proceeds"]; (4) funds of the City in the amount of \$0.00 (the "Funds"); and (5) investment earnings on such monies referenced in clauses (1), (2), (3) and (4), for the payment of interest due on the Refunded Bonds on February 1, 2013, August 1, 2013 and February 1, 2014; and the principal of the Refunded Bonds called for redemption and prepayment on the Redemption Date;

(ii) The Escrow Account shall be maintained with the Escrow Agent pursuant to the Escrow Agreement and this Resolution. The Escrow Account shall be invested in accordance with the Act, the Escrow Agreement and this Section, in securities specified in Section 475.67, Subdivision 8(a) of the Act, which investments will provide sufficient funds together with any cash or other funds retained in the Escrow Account for the payment of interest due on the Refunded Bonds on February 1, 2013, August 1, 2013 and February 1, 2014, and the principal of the Refunded Bonds called for redemption and prepayment on the Redemption Date;

(iii) From the Escrow Account there shall be paid: (a) all interest to be paid on the Refunded Bonds on February 1, 2013, August 1, 2013 and February 1, 2014; and (b) the principal of the Refunded Bonds called for redemption and prepayment on the Redemption Date;

(iv) The Escrow Account for the Refunded Bonds as set forth above is irrevocably appropriated to the payment of the interest due on the Refunded Bonds on February 1, 2013, August 1, 2013 and February 1, 2014, and to prepayment and redemption of the Refunded Bonds due by reason of redemption on the Redemption Date. The monies in the Escrow Account for the Bonds shall be used solely for the purposes herein set forth and for no other purpose, except that any surplus in the Escrow Account may be remitted to the City all in accordance with the Escrow Agreement. Any monies remitted to the City upon termination of the Escrow Agreement shall be deposited in the Debt Service Fund;

(v) Securities purchased for the Escrow Account shall be purchased simultaneously with the delivery of and payment for the Bonds. The mayor and clerk or their designee are authorized and directed to purchase such securities;

(c) The construction fund created for the 2005 Bonds has previously been terminated and all bond proceeds therein have been expended;

(d) The City shall pay the cost of issuance of the Bonds with \$70,000 of the Bond proceeds.

5.02 (a) There is hereby pledged to the Debt Service Fund certain tax increments from TIF District No. 22 received by the City pursuant to the Tax Increment Pledge Agreement dated as of December 16, 2005, between the City and DEDA (the "Pledge Agreement"), which pledge has been accepted by the City. Based on the estimated market value and current tax rates of property within TIF District No. 22 and the obligations under the Pledge Agreement, the City covenants and agrees that not less than 20% of the costs of the Project financed with the 2005 Bonds will be paid from tax increment. The treasurer shall credit the amount paid under the Pledge Agreement as received to the Debt Service Fund;

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(b) The treasurer shall transfer prior to each Interest Payment Date from the Medical Facility Parking Ramp Operating Account in the General Fund to the Debt Service Fund net revenues from the Parking Ramp then available and needed to pay the principal of the Bonds and interest thereon due on such Interest Payment Date. Such transfers shall be made at the times determined by the treasurer, in accordance with policies established by resolutions of the City Council.

5.03 The City Council covenants and agrees to segregate and account for the revenues of the Parking Ramp as provided in this Resolution. The City will place all such charges and revenues from the Parking Ramp, when collected, and all money received from the sale of any facilities or equipment of the Parking Ramp in a separate Medical Facility Parking Ramp Operating Account within the General Fund maintained by the City. Except as provided in this Section, this account shall be used only to pay claims duly approved and allowed for payment of expenses which, under generally accepted accounting principles, constitute normal, reasonable and current expenses of operating and maintaining the Parking Ramp, and to maintain such reasonable reserves for such expenses as the Chief Financial Officer shall determine to be necessary from time to time in accordance with policies established by the City Council. Sums from time to time on hand in this account, in excess of sums required to make such payments and maintain such reserves, constitute the net revenues of the Parking Ramp which are herein pledged and appropriated first to pay the principal of and interest on the Bonds when due.

Surplus revenues from time to time for the Parking Ramp, in excess of payments due from and reserves required to be maintained in the Medical Facility Parking Ramp Operating Account, may be used for necessary capital expenditures for improvement to the Parking Ramp, for the prepayment and redemption of the Bonds, and thereafter for any other proper municipal purpose.

5.04 (a) The full faith and credit and taxing power of the City are hereby irrevocably pledged for the prompt and full payment of the principal of and interest on the Bonds, as such principal and interest respectively become due. To provide monies for the payment of the principal and interest on the Bonds, there is hereby levied a direct, annual ad valorem tax upon all taxable property within the City which shall be extended upon the tax rolls and collected with and as part of the other general property taxes of the City for the years and in the amounts as follows:

Levy Year	Collection Year	Gross Tax Levy	Estimated Tax Increment	Estimated Net Revenues	Net Tax Levy
2012	2013	\$ 404,795	0	0	\$404,795
2013	2014	1,022,143	\$400,000	\$150,000	472,143
2014	2015	1,019,255	\$400,000	\$150,000	469,255
2015	2016	1,016,315	\$400,000	\$150,000	466,315
2016	2017	1,018,573	\$400,000	\$150,000	468,573
2017	2018	1,017,628	\$400,000	\$150,000	467,628
2018	2019	1,021,618	\$400,000	\$150,000	471,618
2019	2020	1,019,938	\$400,000	\$150,000	469,938
2020	2021	1,017,943	\$400,000	\$150,000	467,943
2021	2022	1,019,754	\$400,000	\$150,000	469,754
2022	2023	1,014,714	\$400,000	\$150,000	464,714
2023	2024	1,018,645	\$400,000	\$150,000	468,645

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

2024	2025	1,019,537	\$400,000	\$150,000	469,537
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Said levies are such that if collected in full they, together with the estimated tax increment and estimated net revenues pledged for payment of the principal and interest on the Bonds, will produce at least five percent in excess of the amount needed to meet when due the principal and interest on the Bonds.

Such tax levies shall be irrevocable as long as any of the Bonds issued hereunder are outstanding and unpaid, provided, however, that in each year while any Bonds issued hereunder remain outstanding, the City Council may reduce or cancel the above levies (i) to the extent the funds expected to be received from tax increment from TIF District No. 22 pursuant to the Pledge Agreement exceeds the estimated amounts of tax increment set forth above, (ii) to the extent the funds expected to be received from net revenues from the Parking Ramp exceeds the estimated amounts of net revenues set forth above, and (iii) to the extent of an irrevocable appropriation to the Debt Service Fund of monies actually on hand for payment of the portion of such principal and interest payable from ad valorem taxes (and not tax increment and net revenues expected to be available as described above), and may direct the county auditor to reduce the levy for such calendar year by that amount;

(b) All proceeds of said taxes are hereby appropriated and shall be paid when collected into the Debt Service Fund. If the balances in the Debt Service Fund are ever insufficient to pay all principal and interest then due on the Bonds, the treasurer shall nevertheless provide sufficient money from any other funds of the City which are available for that purpose, and such other funds shall be reimbursed from the Debt Service Fund when the balances therein are sufficient.

5.05 The pledge of tax increment from TIF District No. 22, the pledge of net revenues from the Parking Ramp and the tax levies contained in the Prior Resolution (Resolution 05-0803) are hereby amended as follows:

Levy Year	Collection Year	Gross Tax Levy	Estimated Tax Increment	Estimated Net Revenue	Net Tax Levy
2012	2013	\$613,345	\$400,000	\$150,000	\$63,345

The collections of tax increment, net revenues and tax levy collected in 2012 and the above tax levy for Levy Year 2012/Collection Year 2013 shall remain. Following such collection for the Unrefunded Portion of the 2005 Bonds and deposit in the debt service fund for the 2005 Bonds, such pledges of tax increment, net revenues and tax levies in Resolution 05-0803 shall terminate.

Section 6. Refunding; findings; redemption of Refunded Bonds.

6.01 (a) It is hereby found and determined, based upon information presently available from the City's financial advisers, that as of the date of issuance of the Bonds, the issuance of the Bonds will result in a reduction of debt service cost to the City. In accordance with Section 475.67, Subdivision 12 of the Act, as of the date of issuance of the Bonds, the present value of the dollar amount of the debt service on the Bonds, computed to their stated maturity dates, after deducting any premium, is lower by at least three percent than the present value of the dollar amount of debt service, on the Refunded Bonds, exclusive of any premium, computed to their stated maturity dates;

(b) It is hereby found and determined that the Proceeds and Funds available and appropriated to the Escrow Account for the Refunded Bonds as set forth in Section 5 will be sufficient, together with the permitted earnings on the investment of the Escrow Account, to

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

pay the interest due on the Refunded Bonds on February 1, 2013, August 1, 2013 and February 1, 2014, and to prepayment and redemption of the Refunded Bonds due by reason of redemption on the Redemption Date.

6.02 The Refunded Bonds shall be redeemed and prepaid in accordance with their terms and in accordance with the terms and conditions set forth in the form of notice of call for redemption attached to the Escrow Agreement, which terms and conditions are hereby approved and incorporated herein by reference. The Escrow Agent is hereby authorized and directed to send written notice of the call for redemption to the paying agent or bond registrar, as the case may be, and bond insurance company, for the Refunded Bonds in accordance with their terms and the Escrow Agreement.

6.03 The Escrow Agent is authorized and directed to cause to be provided a material event notice regarding the defeasance and the refunding of the Refunded Bonds in accordance with the continuing disclosure certificate of the City dated December 16, 2005.

Section 7. Defeasance.

7.01 When all Bonds and all interest thereon have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this Resolution to the holders of the Bonds shall 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 shall remain in full force and effect. The City may discharge all Bonds which are due on any date by depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full. If any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Bond Registrar designated in Section 2.05 hereof a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also at any time discharge and cause defeasance of the Bonds in their entirety by complying with the provisions of Section 475.67 of the Act, except that the funds deposited in escrow in accordance with said provisions may (to the extent permitted by law) but need not be, in whole or in part, proceeds of bonds as therein provided, without the consent of any bondholders.

Section 8. Certificate of proceedings.

8.01 The clerk is directed to file with the county auditor a certified copy of this Resolution and such other information as the county auditor may require, and to obtain from the county auditor a certificate stating that the Bonds have been duly entered on his register.

8.02 The officers of the City are authorized and directed to prepare and furnish to the Purchaser and to bond counsel certified copies of all proceedings and records of the City relating to the authorization and issuance of the Bonds and other affidavits and certificates as may reasonably be requested to show the facts relating to the legality and marketability of the Bonds as such facts appear from the official books and records of the officers' custody or otherwise known to them. All of such certified copies, certificates and affidavits, including any heretofore furnished, constitute representations of the City as to the correctness of facts recited therein and the actions stated therein to have been taken.

8.03 The mayor and clerk 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.

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

Section 9. Continuing disclosure. The City acknowledges that the Bonds are subject to the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) (the "Rule"). The Rule governs the obligations of certain underwriters to require that issuers of municipal bonds enter into agreements for the benefit of the bondholders to provide continuing disclosure with respect to the bonds. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit underwriters of the Bonds to comply with the Rule, which will enhance the marketability of the Bonds, the mayor and the clerk are hereby authorized and directed to execute a continuing disclosure certificate substantially in the form of the certificate currently on file in the office of the city clerk as Public Document No. 12-1108-01.

Resolution 12-0559 was unanimously adopted.

Approved November 8, 2012

DON NESS, Mayor

- - -

The meeting was adjourned at 5:29 p.m.

JEFFREY J. COX, City Clerk

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

OFFICIAL PROCEEDINGS

Duluth City Council meeting held on Tuesday, November 13, 2012, 7:00 p.m. in the Council Chamber, City Hall, Duluth, Minnesota.

Roll call: Present: Councilors Boyle, Fosle, Gardner, Julsrud, Krause, Krug, Larson, Stauber and President Hartman -- 9

Absent: None -- 0

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The minutes of the council meeting held on June 25, 2012, were approved upon a unanimous vote.

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PRESENTATION OF PETITIONS AND OTHER COMMUNICATIONS

12-1113-01 Dan and Lynn McGinty appeal of the planning commission denial of front and side yard setback variances for the construction of a garage at 1920 Minnesota Avenue. -- Committee 2 (planning and economic development)

12-1113-13 Michelle Peterson communication regarding the proposed changes to pet licensing (12-0566R). -- Received

12-1113-02 The following communications regarding the appeal of the planning commission denial of front and side yard setback variances for the construction of a garage at 1920 Minnesota Avenue (12-0569R and 12-0570R): (a) Philip Sutula; (b) Elisa A. Troiani. -- Received

12-1113-03 The following communications regarding the proposed design request for a permanent street in and around Joshua Avenue (12-0546R): (a) Al and Muriel Brodin; (b) David Sorenson. -- Received

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REPORTS FROM OTHER OFFICERS

12-1113-04 Assessor amended assessment roll of delinquent solid waste collecting expenses during the period of March 1, 2011, to June 1, 2012, for which the licensed collector has not been reimbursed. -- Received

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REPORTS OF BOARDS AND COMMISSIONS

12-1113-05 Building appeal board minutes of August 8, 2012, meeting. -- Received

12-1113-06 Duluth airport authority minutes of: (a) September 18; (b) September 27; (c) September 28; (d) October 4; (e) October 12, 2012, meetings. -- Received

12-1113-07 Duluth economic development authority minutes of September 26, 2012, meeting. -- Received

12-1113-08 Duluth public utilities commission minutes of: (a) June 6; (b) August 21; (c) August 27, 2012, meetings. -- Received

12-1113-09 Housing and redevelopment authority of Duluth minutes of July 11, 2012, meeting. -- Received

12-1113-10 Library board minutes of: (a) August 28; (b) September 25, 2012, meetings. -- Received

12-1113-11 Seaway Port authority of Duluth: (a) Minutes of: (1) June 21; (2) July 23, 2012, meetings; (b) Budget summary of September 2012. -- Received

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

12-1113-12 Spirit Mountain recreation area authority minutes of: (a) August 16; (b) September 20, 2012, meetings. -- Received

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OPPORTUNITY FOR CITIZENS TO BE HEARD

Loren Martell commented on his views of the financial status of the Duluth School District construction debt: the \$487 million that is killing them; paying debt levy out of the general fund is a lunatic financial arrangement; the district is looking at raising their tax levy to cover part of this expense, which if done for the life of the bonds, 16 years, the public will be paying \$30.4 million more than they were told they would pay and the claims of the red plan's savings is just "smoke and mirrors."

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RESOLUTION TABLED

Councilor Julsrud moved to remove Resolution 12-0546, requesting design for a permanent street in and around Joshua Avenue from Maple Grove Road to Arrowhead Road, which motion was seconded and failed upon the following vote:

Yeas: Councilors Fosle, Julsrud, Krug and Stauber -- 4

Nays: Councilors Boyle, Gardner, Krause, Larson and President Hartman -- 5

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MOTIONS AND RESOLUTIONS

CONSENT AGENDA

(All matters listed under the consent agenda were considered routine and/or noncontroversial and were enacted by one unanimous motion.)

President Hartman moved passage of the consent agenda, which motion was seconded and unanimously carried.

BE IT RESOLVED, by the city council (the "city council") that the city of Duluth experienced a disaster on June 19-20, 2012. The disaster caused extensive property damage to residential and commercial properties in the city of Duluth which was declared a disaster area by presidential declaration. Minnesota Statutes sections 273.1231 – 273.1235 provides for property tax relief upon reassessment of properties damaged by disaster, and upon application to the governor of the state of Minnesota and the executive council. The minimum requirements of the aforementioned statutes have been met as demonstrated in the damage assessment reports.

Resolution 12-0562 was unanimously adopted.

Approved November 13, 2012

DON NESS, Mayor

- - -

BE IT RESOLVED, that the city council of the city of Duluth makes the following findings of fact:

(a) On September 5, 2012, the alcohol, gambling and tobacco commission held a public hearing to consider whether disciplinary action should be taken against the intoxicating liquor license of City Wine & Liquor Store, Inc., d/b/a Warehouse Liquor Store, 104 West Central Entrance, and has submitted its report to the city council of the city of Duluth as Public Document No. 12-1113-14;

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

(b) Pursuant to Duluth City Code Chapter 8, Section 9, clause (a), on November 12, 2012, the city council considered the records and evidence submitted;

(c) The finding of facts as set forth in Public Document No. 12-1113-14 regarding any suspension, revocation and/or civil penalty relating to the off sale intoxicating liquor license of City Wine & Liquor Store, Inc., d/b/a Warehouse Liquor Store, 104 West Central Entrance, are adopted.

BE IT FURTHER RESOLVED, that the decision of the city council regarding any suspension, revocation and/or civil penalty is as follows: that the Duluth City Council fine the licensee \$500 for the first offense payable within 30 days of final city action.

Resolution 12-0551 was unanimously adopted.

Approved November 13, 2012

DON NESS, Mayor

- - -

WHEREAS, the purchasing division executed the first year of a potential three-year contract with Bedrock Flint, Inc., in year 2010 for tuckpointing services by issuing two purchase orders totaling \$43,765; and

WHEREAS, the Duluth City Council authorized the first increase and contract renewal by approving Resolution 11-0324 on June 27, 2011; thereafter, the city issued additional purchase orders, bringing the actual total to \$116,700; and

WHEREAS, the city seeks additional tuckpointing services from Bedrock Flint, Inc., in the third and final year of the contract.

NOW, THEREFORE, BE IT RESOLVED, that the proper city officials are authorized to execute a second increase of \$68,300 for additional tuckpointing services at various city buildings, payable as follows:

\$58,300 from Capital Improvements Fund 450, Department/Agency 030 (finance), Object 5520 (buildings and structures), Project CP2010-1005b;

\$10,000 from Parks Fund 205, Department/Agency 130 (community resources), Division 1220 (parks capital), Object 5520 (buildings and structures), Project CM205-CCUPGD.

Resolution 12-0553 was unanimously adopted.

Approved November 13, 2012

DON NESS, Mayor

- - -

RESOLVED, that the proper city officials are hereby authorized to enter into an agreement with Julee Quarve-Peterson, Inc., (JQP, Inc.), substantially in the form of that on file in the office of the city clerk as Public Document No. 12-1113-15 for professional services in complying with applicable codes, and laws and design guidelines pertaining to accessibility for persons with disabilities for an amount not to exceed \$55,875, payable as follows:

\$39,452.50 - General Fund 110, Department/Agency 121 (public administration), Division 1217 (maintenance operations), Cost Center 2120 (architecture and facilities management), Object 5319 (other professional services);

\$16,422.50 - Parks Fund 205, Department/Agency 130 (community resources), Division 1220 (parks capital), Object 5520 (buildings and structures), Project No. CM205 - PKAMEN.

Resolution 12-0563 was unanimously adopted.

Approved November 13, 2012

DON NESS, Mayor

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

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RESOLVED, that, pursuant to the provisions of Minnesota Statutes Section 280.385, the city of Duluth hereby consents to the voluntary forfeiture of those parcels of property in St. Louis County, Minnesota, bearing St. Louis County tax identification numbers of 010-0640-00320 and 010-0640-00340 and generally described below to the state of Minnesota as authorized by said statute:

Lots 32, 33, 34 and 35, except the easterly 11 feet of the southerly 65 feet of Lot 35, Block 1, COLMANS THIRD ADDITION TO DULUTH.

Resolution 12-0549 was unanimously adopted.

Approved November 13, 2012

DON NESS, Mayor

- - -

RESOLVED, that the proper city officials are authorized to enter into a contract with Ulland Brothers, Inc., to run from October 1, 2012, through September 30, 2013, for the purchase of 700 tons of cold mix based on 12 months of estimated usage, in accordance with city-approved specifications and the vendor's bid of \$68.50 per ton for a total of \$47,950 plus \$3,296.56 sales tax for a combined total of \$51,246.56, payable as follows:

\$28,185.61 - Water 510, Department/Agency 500 (public works and utilities), Division 1945 (utility operations), Object 5222 (blacktop);

\$7,686.98 - Gas 520, Department/Agency 500 (public works and utilities), Division 1945 (utility operations), Object 5222 (blacktop);

\$7,686.98 - Sewer 530, Department/Agency 500 (public works and utilities), Division 1945 (utility operations), Object 5222 (blacktop);

\$7,686.99 - Stormwater 535, Department/Agency 500 (public works and utilities), Division 1945 (utility operations), Object 5222 (blacktop).

Resolution 12-0561 was unanimously adopted.

Approved November 13, 2012

DON NESS, Mayor

- - -

RESOLVED, that the proper city officials hereby authorized to enter into an agreement substantially in the form of that on file with the city clerk as Public Document No. 12-1113-16 with the Minnesota department of transportation to cooperate in the provision of services related to the design, construction and maintenance of roadways, provided that authorized work orders will be approved in accordance with Chapter 41 of the Duluth City Code, 1959, as amended.

Resolution 12-0564 was unanimously adopted.

Approved November 13, 2012

DON NESS, Mayor

- - -

RESOLVED, that the proper city officials are hereby authorized and directed to enter into an agreement, substantially in the form of that on file in the office of the city clerk as Public Document No. 12-1113-17, with the organized crime drug enforcement task forces program under the direction of the United States bureau of alcohol, tobacco, firearms and explosives enforcement (ATF) to reimburse the city for its costs in providing criminal investigative services from October 1, 2012, through September 30, 2013, in an amount not to exceed \$25,000,

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

funds received payable to Fund No. 110-160-1610-4209-02 (general, police, administration and investigation).

Resolution 12-0550 was unanimously adopted.

Approved November 13, 2012

DON NESS, Mayor

- - -

RESOLVED, that the proper city officials are authorized to accept an emergency management performance grant agreement for Grant No. A EMPG-2012-DULUTHCI-00004, a copy of which is on file in the office of the city clerk as Public Document No. 12-1113-18, from the Minnesota department of public safety, homeland security and emergency management division, in the amount of \$20,000, said funds to be deposited in Fund No. 210-030-3164-4210-02 (special projects fund, finance department, homeland security, pass-thru federal grants operating), for the purpose of assisting and supporting the city in maintaining adequate local emergency management programs, with matching funds in the amount of \$20,000 to be provided from Fund No. 110-150-1501-5440 (general fund, fire, administration).

Resolution 12-0565 was unanimously adopted.

Approved November 13, 2012

DON NESS, Mayor

- - -

RESOLVED, that the proper city officials are authorized to apply for and accept a matching funds grant from the Minnesota department of natural resources and Minnesota's Lake Superior coastal program in the amount of \$6,000 and to execute a grant agreement, substantially the same as that on file in the office of the city clerk as Public Document No. 12-1113-19, for the purpose of designing a toilet addition to the Lafayette Community Center. Funds received shall be deposited in Fund 205-130-1220-4210-01 (parks fund, community resources, parks capital, other grants – capital). \$6,000 matching funds will come from Fund 205-130-1220-5530 (parks fund, community resources, parks capital, improvements other than buildings).

Resolution 12-0573 was unanimously adopted.

Approved November 13, 2012

DON NESS, Mayor

- - -

RESOLVED, that the proper city officials are authorized to apply for and accept, a matching funds grant from the MnDNR and Minnesota's Lake Superior coastal program in the amount of \$80,000 and to execute a grant agreement, substantially the same as that on file in the office of the city clerk as Public Document No. 12-1113-20, for construction of a toilet addition to the Lafayette Community Center. Funds received shall be deposited in Fund 205-130-1220-4210-01 (parks fund, community resources, parks capital, pass thru other grants – capital). Matching funds to be issued from Fund 205-130-1220-5520 (parks fund, community resources, parks capital, building and structure).

Resolution 12-0574 was unanimously adopted.

Approved November 13, 2012

DON NESS, Mayor

- - -

The following resolutions were also considered:

BE IT RESOLVED, that the Duluth City Council hereby approves of the Minnesota gambling control board issuing a lawful gambling exemption to the Lincoln Park Business

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

Group and does hereby waive the 60 day waiting period which it has to object to the issuance of said exemption.

RESOLVED FURTHER, that the city clerk is hereby authorized and directed to send a copy of this resolution to the Minnesota gambling control board immediately after its passage.

Resolution 12-0577 was unanimously adopted.

Approved November 13, 2012

DON NESS, Mayor

- - -

WHEREAS, the chief administrative officer upon the direction of the mayor has recommended the appointment of Peggy Spehar to the position of chief financial officer; and

WHEREAS, the City Charter requires the city council confirm this appointment.

THEREFORE, BE IT RESOLVED, that the city council hereby confirms the appointment of Peggy Spehar to the position of chief financial officer for the city of Duluth.

Resolution 12-0554 was unanimously adopted.

Approved November 13, 2012

DON NESS, Mayor

- - -

Resolution 12-0566, by Councilor Stauber, of support for changes to the city's pet licensing process, was introduced.

Councilor Stauber moved to amend subparagraph (g) of the resolution, to insert after the word "Add", the phrase "a prorated license fee and," which motion was seconded and carried as follows:

Yeas: Councilors Boyle, Gardner, Julsrud, Krause, Krug, Larson, Stauber and President Hartman -- 8

Nays: Councilor Fosle -- 1

Councilors Krause and Fosle opposed the resolution because: this higher fee will be hard for many individuals who are struggling and that life-time licenses should not be that expensive.

Resolution 12-0566, as amended, was adopted as follows:

BY COUNCILOR STAUBER:

WHEREAS, with over 35,000 households and using the American pet products manufacturer's formula the city of Duluth is projected to have as many as 20,000 dogs and 60,000 cats within city limits; and

WHEREAS, licensing pets is important for public safety and pet safety and ensures that urban pets are properly vaccinated and further provides a mechanism for pets to be cared for and reunited with their owners if lost; and

WHEREAS, it appears that the bulk of dogs and cats in Duluth are not being registered since less than 3,000 dogs and cats are licensed in an average year; and

WHEREAS, many cities provide for penalties as high as \$500 for failing to license a cat or a dog and; and

WHEREAS, the council believes the city's animal control operations are a valuable public service and seeks to make those operations more financially sustainable; and

WHEREAS, the council supports having the revenue collected from pet registration fees and penalties go to help support the city's animal control operations.

THEREFORE, BE IT RESOLVED, that the council hereby indicates its support for the following possible changes to the city's pet licensing process and procedures:

(a) Increasing dog and cat licensing fees;

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

(b) Increase the current \$50 penalty for failing to register a pet to further increase licensing compliance;

(c) Encouraging the city's animal control operations to more actively pursue education and enforcement opportunities to increase the number of pets licensed within the city;

(d) Streamline fees, policies and procedures to provide an incentive for the proper licensing of dogs and cats;

(e) Crediting or allocating dog and cat license fees and fines to the city's animal control and shelter operations;

(f) New pet licensing options, including allowing animal shelters, veterinarians, pet stores and Animal Allies to issue licenses and/or to provide an on-line process for licensing;

(g) Add a prorated license fee and a "life-time" license with applicable fee which would enable owners to make only one license purchase to cover the life of the pet;

(h) Reducing licensing fees for animals that are spayed, neutered, micro-chipped or adopted from an animal shelter.

Resolution 12-0566, as amended, was adopted upon the following vote:

Yeas: Councilors Boyle, Gardner, Julsrud, Krug, Larson, Stauber and President Hartman -- 7

Nays: Councilors Fosle and Krause -- 2

Approved November 13, 2012

DON NESS, Mayor

- - -

Resolutions 12-0569 and 12-0570, by Councilor Stauber, affirming and reversing, respectively, the decision of the planning commission to deny the application for a variance from the front and side yard setbacks of Section 50-14.5 of the Duluth City Code (Lynn and Dan McGinty), were introduced for discussion.

Councilor Stauber moved to suspend the rules to hear a speaker on the issue, which motion was seconded and unanimously carried.

Julie Calliguri spoke on behalf of the applicants' neighbor who was out of the country, expressing support for Resolution 12-0569 for the reasons that if the variance is approved, the garage will be built to block off the neighbor's diningroom window and it will adversely affect their property value.

Councilor Krug opposed Resolution 12-0570 for the reason that this issue should be returned to the planning commission to consider the new information that has come forward about the proposed garage digging into a sand dune.

Keith Hamre, director of planning and construction services, reviewed deadlines and meeting schedules of the planning commission, noting that the process has been followed and now it is up to the council to consider all the factors.

Resolution 12-0569, affirming the planning commission decision, failed upon the following vote (Public Document No. 12-1113-21):

Yeas: Councilor Krug -- 1

Nays: Councilors Boyle, Fosle, Gardner, Julsrud, Krause, Larson, Stauber and President Hartman -- 8

- - -

Resolution 12-0570, reversing the planning commission decision, was adopted as follows:

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

BY COUNCILOR STAUBER:

RESOLVED, that the city council finds as follows:

(a) Lynn and Dan McGinty's property is located at 1920 Minnesota Avenue and is zoned Residential-Traditional (R-1);

(b) On September 4, 2012, Lynn and Dan McGinty applied for a variance that would allow them to construct a one-car garage to be set back 22'3" from the front lot line and 3'1.5" from the side lot line, Section 50-14.5 of the Duluth City Code, 1959, as amended (Table 50-14.5-1), requires a minimum front yard setback of 25 feet and a minimum side yard setback of six feet;

(c) A public hearing was held by the planning commission at its October 9, 2012 meeting. At this meeting, the commission voted to deny the request. The basis for the commission's decision was its conclusion that:

(1) Section 50-37.9.C of the City Code prohibits the granting of a variance that does not demonstrate a practical difficulty which is unique to the property and not caused by the landowner as required by Section 50-14.5 of the City Code; and

(2) The applicants did not establish practical difficulty because a driveway could be placed in the side yard, allowing a garage to be constructed in the rear of the property, thus eliminating the need for any variance;

(d) Lynn and Dan McGinty were provided written notice of the commission's action on October 10, 2012;

(e) Lynn and Dan McGinty filed an appeal of the commission's decision to the city council on October 19, 2012, and pursuant to Section 50-37.1.O(4) of the City Code;

(f) The city council heard the appeal at its November 8, 2012, meeting of the planning and economic development committee, and the matter was considered at the November 13, 2012, council meeting;

RESOLVED FURTHER, that the decision of the planning commission to deny the application for a variance is reversed on the following grounds:

(a) The property located at 1920 Minnesota Avenue is a single-family home and is a reasonable use of a property in an R-1 district;

(b) Lynn and Dan McGinty seek a variance that would authorize the construction of a one-car garage that would be within the required front and side yard setbacks under Section 50-14.5;

(d) The narrowness of the existing side yard would cause practical difficulty for the applicant if used as a driveway and the presence of an elevated dune in the rear yard would cause a practical difficulty for locating the garage;

(e) The only reasonable location for a garage is at the proposed site within the front and side yard setbacks;

(f) Lynn and Dan McGinty have demonstrated the existence of a practical difficulty and have met the standards necessary to support a variance as provided in Section 50-37.9.C of the City Code.

RESOLVED FURTHER, that pursuant to the authority to grant variances as provided in Section 50-37.9, the application for a variance is granted subject to the following conditions:

(a) The garage is no closer to the front property line than 22'3" and to the side property line than 3'1.5";

(b) Applicants shall survey and stake the property lines throughout construction to ensure compliance with this variance;

(c) The authority to issue a building permit for the construction of a garage pursuant to this variance shall expire one year from the date of approval of this resolution.

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

Resolution 12-0570 was adopted upon the following vote:

Yeas: Councilors Boyle, Fosle, Gardner, Julsrud, Krause, Larson, Stauber and President Hartman -- 8

Nays: Councilor Krug -- 1

Approved November 13, 2012

DON NESS, Mayor

- - -

RESOLVED, that the proper city officials are hereby authorized to execute a redevelopment grant agreement, substantially in the form of that on file in the office of the city clerk as Public Document No. 12-1113-22, with the state of Minnesota acting through the department of employment and economic development (DEED) in the amount of \$472,865 payable into Fund 255 (economic development), Agency 020 (planning), Object 4220-02 (state of Minnesota operating), subject to provision of the local matching amount of not less than \$472,865 from the Pier B project financing.

Resolution 12-0571 was unanimously adopted.

Approved November 13, 2012

DON NESS, Mayor

- - -

Resolution 12-0560, awarding a construction contract to International Chimney Corporation for the rehabilitation of the chimney stack at the Duluth steam plant in the amount of \$339,870, was introduced by Councilor Julsrud for discussion.

Councilor Fosle expressed his opposition to this expenditure because recently the city had the opportunity to sell the steam plant and now dollars have to be spent to keep it going.

Resolution 12-0560 was adopted as follows:

RESOLVED, that the proper city officials are authorized to enter into a construction contract with International Chimney Corporation for the rehabilitation of the chimney stack at the Duluth steam facility located at One Lake Place Drive in accordance with plans and specifications prepared by LHB, Inc., the city's project engineer, and the vendor's bid of \$339,870, payable from Steam Fund 540, Department/Agency 920 (steam department), Organization 1499 (steam non-operating), Object 5530 (improvements other than buildings).

Resolution 12-0560 was adopted upon the following vote:

Yeas: Councilors Boyle, Gardner, Julsrud, Krause, Krug, Larson, Stauber and President Hartman -- 8

Nays: Councilor Fosle -- 1

Approved November 13, 2012

DON NESS, Mayor

- - -

Resolution 12-0568, awarding a contract to Signature Bridge, Inc., for installation of Phase 1 bridge and placement of existing ski trail bridge at Chester Park in the amount of \$122,769.24, was introduced by Councilor Julsrud.

Councilor Julsrud moved to remove the resolution from the agenda, as requested by the administration, which motion was seconded and unanimously carried.

- - -

Resolution 12-0567, scheduling a public hearing on the proposed designation of certain streets in the vicinity of the University of Minnesota-Duluth as a resident permit parking zone and further designating the south side of East Clover Street as no parking, was introduced by Councilor Fosle for discussion.

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

Councilor Krug reviewed the background on this issue and the Duluth parking commission's involvement with the concerns of Mark Lambert, the developer in this area.

She moved to amend the resolution by:

(a) Adding the phrase "(AND ALLOWING PARKING ON THE NORTH SIDE)" to the title;

(b) In the first paragraph, after the phrase "prohibit parking on the south side," inserting the phrase "(and allow parking on the north side)," which motion was seconded and unanimously carried.

Resolution 12-0567, as amended, was adopted as follows:

RESOLVED, that in accordance with Section 33-125 of the Duluth City Code, 1959, as amended, the city council hereby indicates that on Monday, November 26, 2012, at 7:00 PM in the Council Chamber on the third floor in City Hall, the council will conduct a public hearing regarding whether to designate both sides of East Eighth Street between East Clover Street and its terminus by Woodland Avenue and both sides of East College Street between East Eighth Street and Irving Place as a resident permit parking zone, and to further prohibit parking on the south side (and allow parking on the north side) of East Clover Street between Woodland Avenue and East Seventh Street, as manifested by the map on file in the office of the city clerk as Public Document No. 12-1113-23.

FURTHER RESOLVED, that the city clerk is hereby directed to mail notice of such hearing by addressing such notice to the occupants at each address within or abutting the parking areas of the streets so proposed to be designated.

Resolution 12-0567, as amended, was unanimously adopted.

Approved November 13, 2012

DON NESS, Mayor

- - -

RESOLVED, that the proper city officials are authorized to apply for and accept a grant from Cities of Service on behalf of Bloomberg Philanthropies in the amount of \$25,000 and to execute a grant agreement, substantially the same as that on file in the office of the city clerk as Public Document No. 12-1113-24, for the purpose of increasing residents' access to affordable fresh, healthy food by developing community gardens in the Lincoln Park neighborhood, which is considered a food desert. Funds are to be deposited in Fund 205-130-1220-4270 (parks fund, community resources, parks capital, other grants).

Resolution 12-0572 was unanimously adopted.

Approved November 13, 2012

DON NESS, Mayor

- - -

INTRODUCTION AND CONSIDERATION OF ORDINANCES

The following entitled ordinances were read for the first time:

INTRODUCED BY COUNCILOR STAUBER

12-065 - AN ORDINANCE AMENDING THE OFFICIAL ZONING MAP OF THE CITY OF DULUTH TO PROVIDE FOR THE RECLASSIFICATION FROM R-1 TO R-P THE PROPERTIES LOCATED IN THE COFFEE CREEK LOW DENSITY PLANNED DEVELOPMENT (CITY OF DULUTH).

- - -

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

INTRODUCED BY COUNCILOR STAUBER

12-066 - AN ORDINANCE AMENDING THE OFFICIAL ZONING MAP OF THE CITY OF DULUTH TO PROVIDE FOR THE RECLASSIFICATION FROM R-1 TO R-P THE PROPERTIES LOCATED IN THE BAYHILL COVE LOW DENSITY PLANNED DEVELOPMENT (CITY OF DULUTH).

- - -

INTRODUCED BY COUNCILOR STAUBER

12-067 - AN ORDINANCE AMENDING THE OFFICIAL ZONING MAP OF THE CITY OF DULUTH TO PROVIDE FOR THE RECLASSIFICATION FROM R-1 TO R-P THE PROPERTIES LOCATED IN THE EASTRIDGE ESTATES LOW DENSITY PLANNED DEVELOPMENT (CITY OF DULUTH).

- - -

The meeting was adjourned at 8:00 p.m.

JEFFREY J. COX, City Clerk

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

OFFICIAL PROCEEDINGS

Duluth City Council meeting held on Monday, November 26, 2012, 7:00 p.m. in the Council Chamber, City Hall, Duluth, Minnesota.

Roll call: Present: Councilors Boyle, Fosle, Gardner, Julsrud, Krause, Krug, Larson, Stauber and President Hartman -- 9

Absent: None -- 0

- - -

REPORTS OF BOARDS AND COMMISSIONS

12-1126-01 Building appeal board minutes of September 12, 2012, meeting. -- Received

12-1126-02 Community development committee minutes of: (a) August 21; (b) September 25; (c) October 9, 2012, meetings. -- Received

12-1126-03 Spirit Mountain recreation area authority minutes of October 18, 2012, meeting. -- Received

- - -

At this time, 7:02 p.m., the public hearing on the University of Minnesota - Duluth (UMD) resident permit parking zone expansion began.

Michelle Killebrew and Mick Conlan, counsel for Summit Management, commented that: in many houses in this area there are not enough driveways or garage spaces; parking during the school day is virtually impossible and allowing parking along Clover Street on the north side, with maybe a one to two hour limitation, is supported by the neighborhood and the developer for the former Woodland Middle School area.

At this time, 7:10 p.m., the public hearing was declared closed and the regular order of business resumed.

- - -

REPORTS OF COUNCIL OPEN ISSUES

Councilor Gardner and other councilors expressed their concerns at length about the public sale of the former fire hall on Park Point and that the council was not made aware of this before the sale process started.

- - -

Councilors Julsrud and Gardner expressed concern that there has not been enough time to discuss budgets during the budget review process and that a better way to handle the review needs to be found.

- - -

Councilors Krause and Stauber expressed concern that the council was not made aware of a litigation issue at Bentleyville when a previous resolution was on the council's agenda and how the city administration created a free speech zone there without city council knowledge.

- - -

OPPORTUNITY FOR CITIZENS TO BE HEARD

Paul King expressed his concern about the restrictions associated with the free speech zone at Bentleyville and that the council should allow this freedom of speech without this restricted zone.

- - -

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

Tom Karas commented on an energy opportunity that hopefully will come to the city of Duluth (Public Document No. 12-1126-07).

- - -

MOTIONS AND RESOLUTIONS

CONSENT AGENDA

(All matters listed under the consent agenda were considered routine and/or noncontroversial and were enacted by one unanimous motion.)

President Hartman moved passage of the consent agenda, which motion was seconded and unanimously carried.

RESOLVED, that the proper city officials are hereby authorized to contract with Unique Paving Materials Corporation for the purchase of 450 tons of UPM high performance cold mix in accordance with city-approved specifications, Minnesota State Contract 39535 (Release B-357(5)), and the vendor's alternate bid of \$115 per ton, for a total of \$51,750 plus \$3,557.81 sales tax for a combined total of \$55,307.81, payable from General Fund 110, Department/Agency 121 (public administration), Division 1217 (maintenance operations), Cost Center 2140 (street maintenance), Object 5222 (blacktop).

Resolution 12-0580 was unanimously adopted.

Approved November 26, 2012

DON NESS, Mayor

- - -

BE IT RESOLVED, by the governing body of the city of Duluth, St. Louis County, Minnesota, as follows:

Section 1. Recitals.

1.01 The city of Duluth, the town of Duluth and the town of Lakewood, all in St. Louis County, Minnesota, in 1999 submitted a petition to the Minnesota pollution control agency (the "MPCA") requesting creation of the Duluth/North Shore Sanitary District (the "sanitary district") pursuant to Minnesota Statutes, Sections 115.18 through 115.37 (the "act"). (The city of Duluth, the town of Duluth and the town of Lakewood are herein referred to collectively as the "municipalities.")

1.02 On January 25, 2000, the MPCA issued an order approving creation of the sanitary district (the "order"). The order was published in the *State Register* on January 31, 2000.

1.03 On March 1, 2000, the time for appeal of the order having expired, a certified copy of the order was duly filed with the Minnesota secretary of state, and creation of the sanitary district was thereupon deemed complete under the act.

1.04 The act requires that the municipalities elect a board of managers for the sanitary district (the "board of managers") as soon as practicable after creation of the sanitary district.

1.05 Pursuant to Section 115.23, subdivision 7 of the act, the municipalities may elect a board member or members by resolutions adopted by all of them separately, concurring in the election of the same person or persons.

Section 2. Findings. It is in the best interests of the municipalities and of the sanitary district that the following person, who is a voter residing in the area of the sanitary district, be nominated for election to the board of managers for the term indicated:

Kevin J. Bovee, of the town of Lakewood, Minnesota, whose term shall commence on January 1, 2013, and shall expire on January 1, 2016.

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

Section 3. Election of board of managers. Election of the above-named person to the board of managers of the sanitary district is approved and such person is elected for the term indicated.

Section 4. Authorization and direction to clerk. Upon receipt of concurring resolutions from the town of Duluth and the town of Lakewood, the clerk is directed to certify the results of this election to the secretary of the MPCA and to the auditor of St. Louis County and make and transmit to the board member elected a certificate of the board member's election.

Resolution 12-0575 was unanimously adopted.

Approved November 26, 2012

DON NESS, Mayor

- - -

RESOLVED, that:

(a) The city council adopted the comprehensive land use plan on June 26, 2006, via Resolution 06-0491, which outlined the desired arrangement of land uses for the next 20 years; and

(b) The city planning division has conducted an analysis of land use in the area along Commonwealth Avenue from Stowe Street to Prescott Street, with the findings showing a mix of commercial and residential properties along a state highway; and

(c) The existing zoning is Mixed Use-Neighborhood, which allows a mixture of commercial and residential uses, while the comprehensive land use plan - future land use map shows the area as Traditional Neighborhood, which would not support these uses; and

(d) The Municipal Planning Act requires that zoning implement a city's comprehensive plan; and

(e) Based on the review conducted by the planning division and public input, the city proposes amending the comprehensive land use plan - future land use map from Traditional Neighborhood and Neighborhood Commercial to Neighborhood Mixed Use, as described and depicted below; and

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012



(Ref. File. No. 12-156)

(f) The city planning commission has reviewed the proposal, conducted a public hearing on November 13, 2012, at their planning commission meeting, and recommends adoption of the proposed future land use map amendments; and

(g) The city council of the city of Duluth hereby amends the comprehensive land use plan - future land use map as described above.

Resolution 12-0582 was unanimously adopted.

Approved November 26, 2012

DON NESS, Mayor

- - -

RESOLVED, that the city of Duluth has applied to the commissioner of transportation for a grant from the Minnesota state transportation fund for the rehabilitation of Bridge No. L6007 at Skyline Parkway over Stewart Creek, City Project No. 1016.

RESOLVED, that the grant has been approved and that the amount of the grant is \$73,143.

FURTHER RESOLVED, that the city of Duluth agrees to the terms and conditions of the grant consistent with Minnesota Statutes, Section 175.40, subdivision 5, clause (30), and will pay any additional amount by which the cost exceeds the estimate, and will return to the Minnesota state transportation fund any amount appropriated for the bridge but not required. The proper city officials are hereby authorized to execute a grant agreement, on file in the

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

office of the city clerk as Public Document No. 12-1126-04, concerning the above referenced grant. Grant monies received hereunder shall be deposited into Permanent Improvement Fund 411, Department/Agency 035 (capital projects accounts), Object 5530 (improvements other than buildings), City Project No. 1016, S.P. 118-060-010.

Resolution 12-0579 was unanimously adopted.

Approved November 26, 2012

DON NESS, Mayor

- - -

RESOLVED, that the proper city officials are hereby authorized to enter into an agreement with LHB, Inc., for professional engineering services related to the design and construction administration for the reconstruction of Hawthorne Road, Vermilion Road and St. Marie Street from Superior Street to Wallace Avenue in an amount not to exceed \$356,318, payable from Disaster Recovery Fund 225, Department/Agency 125 (finance), Organization 1803 (roads and bridges), Object 5303 (engineering services), City Project No. 1172, S.P. 118-134-016 and 118-156-011, Requisition No. 12-0649.

Resolution 12-0581 was unanimously adopted.

Approved November 26, 2012

DON NESS, Mayor

- - -

The city council finds:

(a) That it is deemed necessary for the public conveyance and safety that Hawthorne Road, Vermilion Road and St. Marie Street between Superior Street and Wallace Avenue (City Project No. 1172) be reconstructed; and

(b) That this project will not be eligible for municipal state aid funds unless it is constructed to state aid standards for collector roadways of urban (new or reconstruction) projects, or unless a variance is granted; and

(c) Practical limitations require that tighter horizontal and vertical curves than dictated by standards be used. This results in a 17 mph design speed in lieu of a 30 mph design speed, which requires a variance from the commissioner of transportation in accordance with Minnesota Rules Chapter 8820.3300.

RESOLVED, that the city of Duluth requests the commissioner of transportation for a variance from Minnesota Rules for State Aid Operations 8820.9936, whereby the minimum design standards for urban (new or reconstruction) projects be reduced for this project allowing for a 75-foot radius (-0.03 superelevation) horizontal curve at the intersection of Vermilion Road and St. Marie Street; a 50-foot length vertical crest curve at the intersection of Hawthorne Road and East First Street in lieu of a 90-foot vertical crest curve; a 50-foot length vertical sag curve at the intersection of Hawthorne Road and East First Street in lieu of a 90-foot vertical sag curve; a 60-foot vertical crest curve at the intersection of Hawthorne Road and East Second Street in lieu of a 90-foot vertical crest curve; a 50-foot vertical sag curve at the intersection of Hawthorne Road and East Second Street in lieu of a 90-foot vertical crest curve; an 80-foot vertical sag curve at the intersection of Hawthorne Road and Lakeview Avenue in lieu of a 122-foot vertical sag curve; and a 70-foot vertical sag curve at the intersection of Vermilion Road and St. Marie Street in lieu of a 132-foot vertical sag curve.

FURTHER RESOLVED, the city of Duluth agrees to indemnify, save, and hold harmless the state of Minnesota and its agents and employees of and from claims, demands, actions or causes of action arising out of or by reason of the reconstruction of Hawthorne Road, Vermilion Road and St. Marie Street in the city of Duluth in any manner other than in accordance with Minnesota Rule 8820.9936, and further agrees to defend at its sole cost and

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

expense any action or proceeding commenced for the purpose of asserting any claim whatsoever arising as a result of the granting of this variance.

Resolution 12-0587 was unanimously adopted.

Approved November 26, 2012

DON NESS, Mayor

- - -

RESOLVED, that the proper city officials are hereby authorized to accept an amended grant from the state of Minnesota, commissioner of public safety, office of justice programs, in the additional amount of \$300,813 bringing the total grant amount to \$611,626 and extending the expiration date to December 31, 2013, and to execute an amended grant agreement, substantially the same as that on file in the office of the city clerk as Public Document No. 12-1126-05, for the purpose of supporting the operations of the Lake Superior drug and violent crime task force, funds to be deposited in Fund No. 215-200-2263-4210-02 (Duluth police grant programs, police narcotic/gang task force-state).

Resolution 12-0576 was unanimously adopted.

Approved November 26, 2012

DON NESS, Mayor

- - -

RESOLVED, that in accordance with the provisions of Section 33-88.2 of the Duluth City Code, 1959, as amended, the following accessible parking zone is established:

In front of 1536 North Eighth Avenue East.

Resolution 12-0578 was unanimously adopted.

Approved November 26, 2012

DON NESS, Mayor

- - -

RESOLVED, that the city council hereby authorizes the disbursement of grant funds from the parks fund neighborhood grants program to the following organizations in the following amounts, and further authorizes the proper city officials to execute a grant agreement with each organization receiving funds, amounts to be payable from Fund 205-130-1219-5439 (parks, community resources, parks operating, special projects and events):

Organization	Program Name	Recommended Amount
Cyclists of Gitchee Gummee Shores	Mountain bike trail system sustainability upgrades	\$5,000
Gary-Morgan Park Hockey Association	Player boxes rebuild and rink repair	\$5,000
Hawk Ridge Bird Observatory, Inc.	Interpretive signage for Hawk Ridge Nature Reserve	\$5,000
Park Point Community Club	LaFayette summer youth program	\$3,200
Woodland Amateur Hockey Association	Public skating rink resurface	\$5,000
YMCA of Duluth	Woodland Community Center garden and kitchen	\$3,076
TOTALS		\$26,276

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

Resolution 12-0589 was unanimously adopted.
Approved November 26, 2012
DON NESS, Mayor

- - -

RESOLVED, that the city council hereby authorizes purchase of the property at 3405 Carlton Street, Duluth, Minnesota, in the county of St. Louis. The state of Minnesota legally describes the property as Lots 7, 8, 9 and 10; Block 4, Centredale Addition to Duluth. The purchase price of the property is \$78,000. Payment will be made from 205 (parks fund), 130 (community resources), 1220 (parks capital), 5520 (buildings and structures).

Resolution 12-0591 was unanimously adopted.
Approved November 26, 2012
DON NESS, Mayor

- - -

The following resolutions were also considered:

Resolution 12-0590, authorizing an amendment to the agreement with the Duluth economic development authority (DEDA) relating to the Interstate Parking management agreement, was introduced by Councilor Stauber.

Councilor Fosle moved to remove the resolution from the agenda and refer it back to the administration to work out issues that were raised at the previous agenda session, which motion was seconded, discussed and carried upon the following vote:

Yeas: Councilors Boyle, Fosle, Gardner, Krause, Larson, Stauber and President Hartman -- 7

Nays: Councilors Julsrud and Krug -- 2

- - -

RESOLVED, that the proper city officials are hereby authorized to award a contract to Northland Constructors of Duluth, LLC, for construction of the Lakewalk East Extension Phase V in the amount of \$1,784,190.14, payable from Capital Improvement Fund 450, Department 030 (finance), Object 5530 (improvements other than buildings), City Project No. 0645TR.

Resolution 12-0406 was adopted upon the following vote:

Yeas: Councilors Boyle, Fosle, Gardner, Julsrud, Krug, Larson, Stauber and President Hartman -- 8

Nays: Councilor Krause -- 1

Approved November 26, 2012

DON NESS, Mayor

- - -

WHEREAS, Resolution 89-0885, adopted by the city council on October 30, 1989, designated portions of certain streets in the vicinity of the University of Minnesota-Duluth as a resident permit parking zone pursuant to Section 33-125 of the Duluth City Code, 1959, as amended; and

WHEREAS, the residents of East Eighth Street and East College Street submitted a petition requesting to be included in this zone; and

WHEREAS, a public hearing was held on November 26, 2012, and after review of this matter, the city council has determined that the addition of such street segments to the resident permit parking zone is appropriate.

THEREFORE, BE IT RESOLVED, that Resolution 89-0885 is hereby amended by designating the parking areas on both sides of East Eight Street between East Clover Street and its terminus by Woodland Avenue and the parking areas on both sides of East College

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

Street between East Eighth Street and Irving Place as resident permit parking, as manifested by the map on file in the office of the city clerk as Public Document No. 12-1126-06.

Resolution 12-0586 was unanimously adopted.

Approved November 26, 2012

DON NESS, Mayor

- - -

Resolution 12-0588, to establish no parking on the south side of East Clover Street and allow parking on the north side, was introduced by Councilor Fosle for discussion.

Councilor Fosle moved to suspend the rules to hear a speaker on the resolution, which motion was seconded and unanimously carried.

Mick Conlan, representing Summit Management, expressed support for the resolution because it allows for flexibility with the re-use of the former Woodland Middle School. He requested an amendment so that Summit Management would be able to revisit the restrictions of one and two hour parking zones on the north side of Clover Street in the future.

Councilors discussed at length the request and how to best handle it for the intended future uses.

Councilor Boyle moved to remove the resolution from the agenda and refer it back to the administration to consider this request, which motion was seconded and carried upon the following vote:

Yeas: Councilors Boyle, Gardner, Julsrud, Krause, Krug, Larson, Stauber and President Hartman -- 8

Nays: Councilor Fosle -- 1

- - -

Resolution 12-0592, granting approval and implementation of the Lower Chester Park master plan, was introduced by Councilor Larson for discussion.

Councilor Larson moved to suspend the rules to consider a speaker on the resolution, which motion was seconded and unanimously carried.

Debra Filipovich expressed support for the resolution, noting that the neighborhood has been working with city staff on this for about 1-1/2 to two years and they are excited to have a lot of things happening there, including more available skating time.

Resolution 12-0592 was adopted as follows:

RESOLVED, that the city council hereby approves the Lower Chester Park master plan and authorizes implementation of the plan as funding becomes available.

Resolution 12-0592 was unanimously adopted.

Approved November 26, 2012

DON NESS, Mayor

- - -

INTRODUCTION AND CONSIDERATION OF ORDINANCES

The following entitled ordinances were read for the first time:

INTRODUCED BY COUNCILOR STAUBER

12-068 - AN ORDINANCE AMENDING THE OFFICIAL ZONING MAP OF THE CITY OF DULUTH TO PROVIDE FOR THE RECLASSIFICATION FROM RR-2 TO R-P THE PROPERTY LOCATED AT THE NORTHERN SHORES TOWNHOMES LOW DENSITY PLANNED DEVELOPMENT (CITY OF DULUTH).

- - -

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

INTRODUCED BY COUNCILOR STAUBER

12-069 - AN ORDINANCE AMENDING THE OFFICIAL ZONING MAP OF THE CITY OF DULUTH TO PROVIDE FOR THE RECLASSIFICATION FROM R-1 TO R-P THE PROPERTY LOCATED AT THE BLUFFS RIDGE ESTATES LOW DENSITY PLANNED DEVELOPMENT (CITY OF DULUTH).

- - -

INTRODUCED BY COUNCILOR STAUBER

12-070 - AN ORDINANCE CREATING SECTIONS 50-15.7 AND 50-18.5, AND AMENDING SECTIONS 50-2, 50-13.3, 50-14.6, 50-14.7, 50-15.2, 50-18.4, 50-19.8, 50-20.3, 50-20.5, 50-27, 50-35, 50-37.1, 50-37.11, 50-38.6, 50-38.7, AND 50-41 OF THE DULUTH CITY CODE.

Councilor Stauber moved to suspend the rules to consider a speaker on the ordinance, which motion was seconded and unanimously carried.

Todd Johnson, Todd Sign Company, expressed concerns over this ordinance and how it will get rid of businesses.

- - -

INTRODUCED BY COUNCILOR STAUBER

12-071 - AN ORDINANCE GRANTING TO RITCH MAKOWSKY A CONCURRENT USE PERMIT FOR CONSTRUCTION OF AN ACCESSIBLE RAMP TO PROJECT INTO THE NORTH 29TH AVENUE WEST RIGHT-OF-WAY.

- - -

The following entitled ordinances were read for the second time:

INTRODUCED BY COUNCILOR STAUBER

12-065 (10186) - AN ORDINANCE AMENDING THE OFFICIAL ZONING MAP OF THE CITY OF DULUTH TO PROVIDE FOR THE RECLASSIFICATION FROM R-1 TO R-P THE PROPERTIES LOCATED IN THE COFFEE CREEK LOW DENSITY PLANNED DEVELOPMENT (CITY OF DULUTH).

Councilor Stauber moved passage of the ordinance and the same was adopted upon a unanimous vote.

- - -

INTRODUCED BY COUNCILOR STAUBER

12-066 (10187) - AN ORDINANCE AMENDING THE OFFICIAL ZONING MAP OF THE CITY OF DULUTH TO PROVIDE FOR THE RECLASSIFICATION FROM R-1 TO R-P THE PROPERTIES LOCATED IN THE BAYHILL COVE LOW DENSITY PLANNED DEVELOPMENT (CITY OF DULUTH).

Councilor Stauber moved passage of the ordinance and the same was adopted upon a unanimous vote.

- - -

INTRODUCED BY COUNCILOR STAUBER

12-067 (10188) - AN ORDINANCE AMENDING THE OFFICIAL ZONING MAP OF THE CITY OF DULUTH TO PROVIDE FOR THE RECLASSIFICATION FROM R-1 TO R-P THE PROPERTIES LOCATED IN THE EASTRIDGE ESTATES LOW DENSITY PLANNED DEVELOPMENT (CITY OF DULUTH).

Councilor Stauber moved passage of the ordinance and the same was adopted upon a unanimous vote.

- - -

The meeting was adjourned at 8:08 p.m.

JEFFREY J. COX, City Clerk

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

- - -

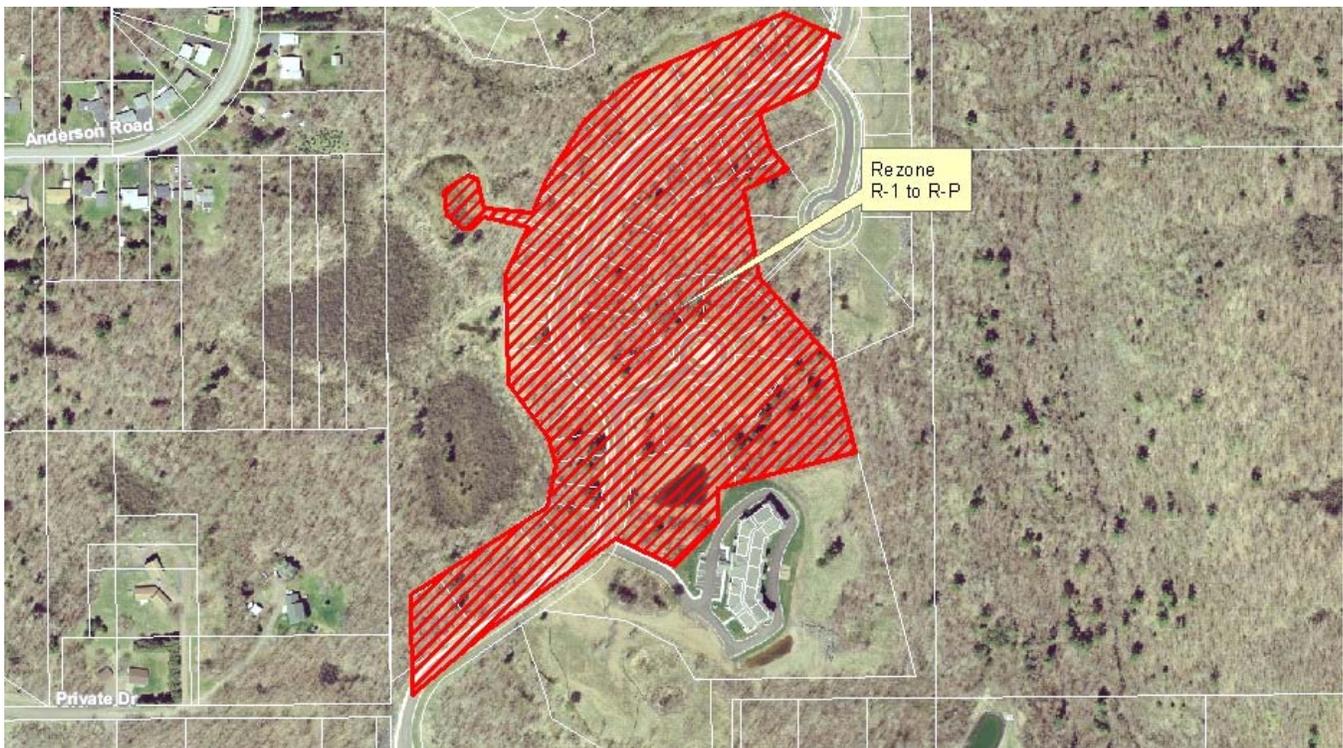
ORDINANCE NO. 10186

AN ORDINANCE AMENDING THE OFFICIAL ZONING MAP OF THE CITY OF DULUTH TO PROVIDE FOR THE RECLASSIFICATION FROM R-1 TO R-P THE PROPERTIES LOCATED IN THE COFFEE CREEK LOW DENSITY PLANNED DEVELOPMENT (CITY OF DULUTH).

The city of Duluth does ordain:

Section 1. That the 19 acres of the subject properties located in the Coffee Creek low density planned development and as more particularly described as follows:

Coffee Creek Division, Block 7, Lots 5-22; Block 8, Lots 1-6; Block 9, Lots 1-2; Block 10, Lots 1-14; Block 11, Lots 1-14; Outlot D, Outlot E, Outlot K and Outlot M; be reclassified from Residential-Traditional (R-1), to Residential-Planned (R-P), and that the official zoning map of the city of Duluth as referenced in Chapter 50 of the Duluth City Code, 1959, is amended to read as follows:



(Ref. File No. 12-144)

Section 2. That this ordinance shall take effect and be in force 30 days from and after its passage and publication. (Effective date: December 28, 2012)

Councilor Stauber moved passage of the ordinance and the same was adopted upon the following vote:

Yeas: Councilors Boyle, Fosle, Gardner, Julsrud, Krause, Krug, Larson, Stauber and President Hartman -- 9

Nays: None -- 0

ATTEST:
JEFFREY J. COX, City Clerk

Passed November 26, 2012
Approved November 26, 2012
DON NESS, Mayor

PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

- - -

ORDINANCE NO. 10187

AN ORDINANCE AMENDING THE OFFICIAL ZONING MAP OF THE CITY OF DULUTH TO PROVIDE FOR THE RECLASSIFICATION FROM R-1 TO R-P THE PROPERTIES LOCATED IN THE BAYHILL COVE LOW DENSITY PLANNED DEVELOPMENT (CITY OF DULUTH).

The city of Duluth does ordain:

Section 1. That the 12.89 acres of the subject properties located in the Bay Hill Cove low density planned development and as more particularly described as follows:

commencing at the northwest corner of said Section 24, thence south 0 degrees 29 minutes 58 seconds east (assumed bearing), along the west line of said Section 24 a distance of 1,177.03 feet to the beginning of the line to be described; then north 32 degrees 34 minutes 45 seconds east along the southeasterly right-of-way line Burlington Northern, Inc., (formerly the Duluth Transfer Track of the Northern Pacific Railway) also being the northwesterly right-of-way line of the Lake Superior and Mississippi Railroad as described in deed recorded in Book K of Deeds page 2 to the south line of said SW1/4 of SW1/4; then continuing northeasterly along the said southeasterly right-of-way line of the Burlington Northern, Inc., to the south line of Pulasky Street; thence southeast along the south line of Pulasky Street to the east line of said SW1/4 of SW1/4, except that part of Gov't Lot 2 Sec 24, T49N,R15 lying southeasterly, southerly and westerly of a line described as follows:

commencing at the northwest corner of said Section 24, thence south 0 degrees 29 minutes 58 seconds east (assumed bearing), along the west line of said Section 24 a distance of 1,297.96 feet to the beginning of the line to be described; thence north 32 degrees 34 minutes 45 seconds east along a line 66.00 feet distant and parallel with the southeasterly right-of-way of Burlington Northern, Inc., (formerly the Duluth Transfer Track of the Northern Pacific Railway) a distance of 212.00 feet; thence south 57 degrees 25 minutes 15 seconds east a distance of 46.51 feet; thence southerly and easterly along a tangential curve concave to the north having a radius of 183.00 feet and a central angle of 49 degrees 21 minutes 28 seconds a distance of 157.65 feet and the cord of said curve bears south 82 degrees 05 minutes 59 seconds east: thence south 11 degrees 07 minutes 58 seconds east a distance of 307 feet, more or less, to the northwesterly bank of the St. Louis River and said line there terminating; except that part platted as Spirit Cove Division.

ALSO Lots 19 through 24, Block 33, Hunter and Markells Grassy Point Addition according to the plat thereof; Lots 26 through 29, Block 34, Hunter and Markells Grassy Point Addition according to the original plat thereof on file and of record in the office of the register of deeds in and for said St. Louis County, Minnesota, in Book "C" of Plats, page 130,

be reclassified from Residential-Traditional (R-1), to Residential-Planned (R-P), and that the official zoning map of the City of Duluth as referenced in Chapter 50 of the Duluth City Code, 1959, is amended to read as follows:

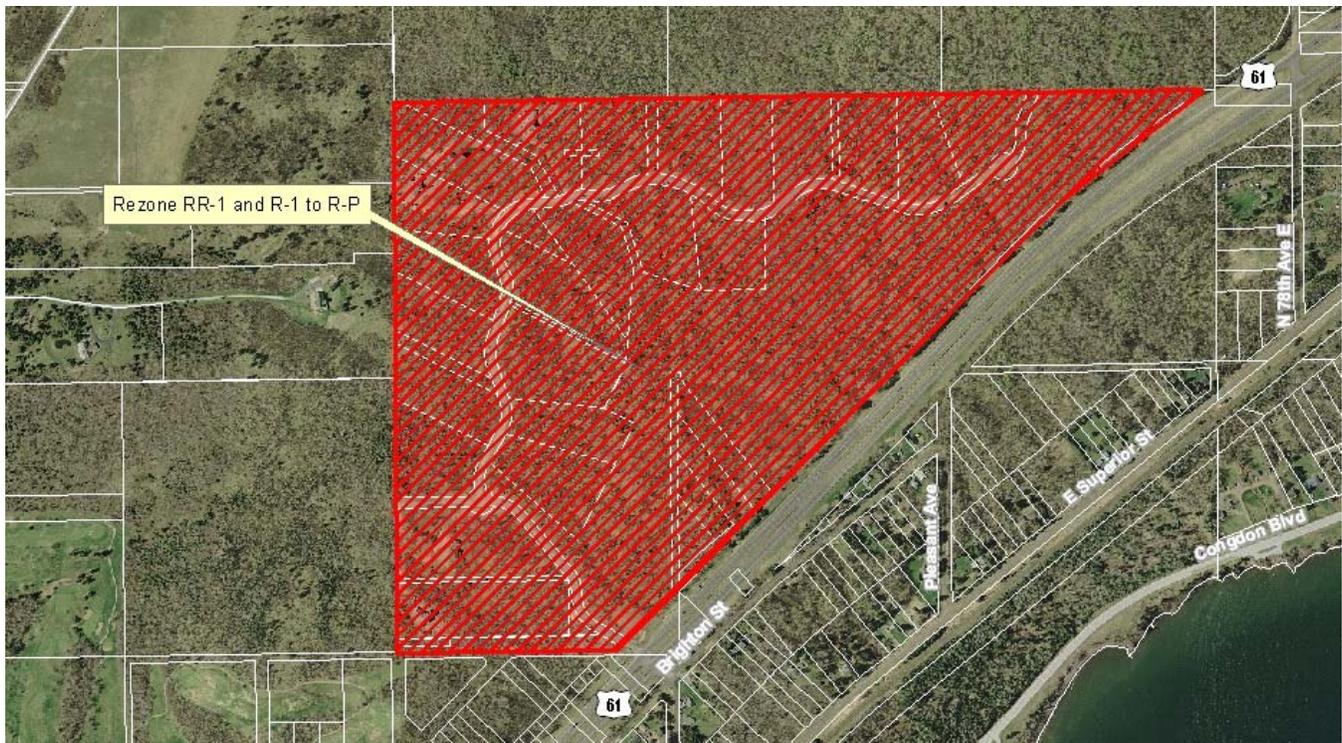
PROCEEDINGS OF THE DULUTH CITY COUNCIL FOR 2012

the NE 1/4 of the SE 1/4; the S 1/2 of the SE 1/4 of the NE 1/4; the Plat of LAKEVIEW MANOR, except Lot 28 of Block 3 all in the N 1/2 of the SE 1/4 of the NE 1/4;

those parts of Section 34, Township 51 North, Range 13 West of the Fourth Principal Meridian in the city of Duluth, county of St. Louis, state of Minnesota, summarized and described as follows:

the SW 1/4 of the NW 1/4 and the SE 1/4 of the NW 1/4 lying north of the northerly right-of-way line of State Trunk Highway No. 61; that part of the following listed lots lying north of the northerly right-of-way line of State Trunk Highway No. 61 of Block 1 in the Plat of BRIGHTON GARDENS, FIRST DIVISION: Lots numbered 3 through 12, 27 through 31, and Lot 33;

be reclassified from Rural-Residential (RR-1) and Residential-Traditional (R-1), to Residential-Planned (R-P), and that the official zoning map of the city of Duluth as referenced in Chapter 50 of the Duluth City Code, 1959, is amended to read as follows:



(Ref. File No. 12-146)

Section 2. That this ordinance shall take effect 30 days after its passage and publication.
(Effective date: December 28, 2012)

Councilor Stauber moved passage of the ordinance and the same was adopted upon the following vote:

Yeas: Councilors Boyle, Fosle, Gardner, Julsrud, Krause, Krug, Larson, Stauber and President Hartman -- 9

Nays: None -- 0

ATTEST:
JEFFREY J. COX, City Clerk

Passed November 26, 2012
Approved November 26, 2012
DON NESS, Mayor

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