

FINANCE COMMITTEE

12-0559R

REPLACEMENT

RESOLUTION PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY OF \$10,270,000 TAXABLE GENERAL OBLIGATION TAX INCREMENT REFUNDING BONDS, SERIES 2012F; ESTABLISHING THE TERMS AND FORM THEREOF; CREATING A DEBT SERVICE FUND THEREFOR; AND AWARDING THE SALE THEREOF.

CITY PROPOSAL:

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 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:

<b>Year</b>	<b>Amount</b>	<b>Interest Rate</b>
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%
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 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 15<sup>th</sup> 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 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.

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 TAX INCREMENT REFUNDING BOND,  
SERIES 2012F

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 15<sup>th</sup> 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 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 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 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 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. \_\_\_\_\_. 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 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 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.

(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:

<b>Levy</b>	<b>Collection</b>	<b>Gross Tax</b>	<b>Estimated Tax</b>	<b>Estimated</b>	<b>Net Tax</b>
<b>Year</b>	<b>Year</b>	<b>Levy</b>	<b>Increment</b>	<b>Net Revenues</b>	<b>Levy</b>
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
2024	2025	1,019,537	\$400,000	\$150,000	469,537

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:

<b>Levy Year</b>	<b>Collection Year</b>	<b>Gross Tax Levy</b>	<b>Estimated Tax Increment</b>	<b>Estimated Net Revenue</b>	<b>Net Tax Levy</b>
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 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.

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. \_\_\_\_\_.

Approved:

  
\_\_\_\_\_  
Department Director

Approved as to form:

  
\_\_\_\_\_  
Attorney

FINANCE    RET: CW:rb    10/30/2012

Approved for presentation to council:

  
\_\_\_\_\_  
Chief Administrative Officer

Approved:

  
\_\_\_\_\_  
Auditor

STATEMENT OF PURPOSE: This Resolution establishes the terms and form and awards the sale of the \$10,270,000 Taxable General Obligation Tax Increment Refunding Bonds, Series 2012F, to Raymond James & Associates, Inc., at a true interest cost of 2.2147%.

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the CITY OF DULUTH, MINNESOTA (the "Issuer"), in connection with the issuance of the \$ \_\_\_\_\_ General Obligation \_\_\_\_\_, Series 2012 \_\_, dated November 27, 2012 (the "Obligations"). The Obligations are being issued pursuant to a Resolution of the Issuer dated November 8, 2012 (the "Resolution"). The Issuer covenants and agrees as follows:

**Section 1. (a) Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Obligations and in order to assist the Participating Underwriter in complying with the Rule (defined below). References in this Disclosure Certificate to holders of the Obligations shall include the beneficial owners of the Obligations. This Disclosure Certificate constitutes the written understanding under the Rule.

**(b) Filing Requirements.** Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at [www.emma.msrb.org](http://www.emma.msrb.org) in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

**Section 2. Definitions.** In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" shall mean the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Dissemination Agent" shall mean such person from time to time designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board, whose current address is 1900 Duke Street, Suite 600, Alexandria, Virginia 22314.

“Official Statement” means the Official Statement, dated \_\_\_\_\_, 2012, delivered in connection with the original issuance and sale of the Obligations, together with any amendments thereto or supplements thereof.

“Participating Underwriter” shall mean any of the original underwriter(s) of the Obligations required to comply with the Rule in connection with offering of the Obligations.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” means the Securities and Exchange Commission or any successor to its functions governing state and municipal securities.

**Section 3. Provision of Annual Reports.**

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 365 days after the end of the fiscal year (presently December 31), commencing with the fiscal year ended December 31, 2012, provide to the MSRB, filed in accordance with Section 1(b) of this Disclosure Certificate, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date; provided, however, unaudited financial information will be provided and the Audited Financial Statements will be submitted to the MSRB when and if available. The Issuer may provide the Annual Report by specific reference to documents previously provided to the MSRB or filed with the SEC; provided, however, that if the document so referenced is a final official statement within the meaning of the Rule, such final official statement must be available from the MSRB.

(b) Not later than 15 days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Issuer shall provide the Annual Report to the Dissemination Agent (if the Issuer is not the Dissemination Agent).

(c) If the Issuer is unable or fails to provide an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of such fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

**Section 4. Content of Annual Reports.** The Issuer’s Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

(a) Historic Revenues and Expenses

- (b) Description of Utility
- (c) Current Property Valuations
- (d) Direct Debt
- (e) Tax Levies & Collections
- (f) Debt Limit

**Section 5. Reporting of Significant Events.**

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Obligations:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, if any, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Obligations, or other events affecting the tax-exempt status of the Obligations;
- (7) modifications to rights of holders of the Obligations, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Obligations, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

(13) the consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) For the purposes of the event identified in subsection (a)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan or reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event for which a determination of materiality is required, the Issuer shall as soon as possible determine if such event would constitute material information for holders of Obligations.

(d) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Obligations.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertaking herein to violate the Rule if such amendment or waiver had

been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

**Section 9. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 10. Default.**

(a) The Issuer has never failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of material events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Obligations may take such action as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

**Section 11. Duties, Immunities and Liabilities of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Obligations.

**Section 12. Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Obligations, and shall create no rights in any other person or entity.

**Section 13. Reserved Rights.** The Issuer reserves the right to discontinue providing any information required under the Rule if a final determination should be made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful or, subject to the provisions

of Section 8 hereof, to modify the undertaking under this Disclosure Certificate if the Issuer determines that such modification is required by the Rule or by a court of competent jurisdiction.

Dated as of November 27, 2012.

CITY OF DULUTH, MINNESOTA

By \_\_\_\_\_  
Mayor

By \_\_\_\_\_  
Clerk

*M:\DOCS\04431\000237\CER\SU2489.DOCX*

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**ESCROW AGREEMENT**

**between the**

**CITY OF DULUTH, MINNESOTA**

**and**

**WELLS FARGO BANK, NATIONAL ASSOCIATION  
Minneapolis, Minnesota**

**as Escrow Agent**

**Dated as of November 27, 2012**

**Relating to**

**the City of Duluth, Minnesota**

**Taxable General Obligation Tax Increment Bonds, Series 2005G  
dated December 16, 2005**

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This Escrow Agreement, dated as of November 27, 2012 (the "Escrow Agreement"), is between the CITY OF DULUTH, MINNESOTA, a home rule charter city and political subdivision of the State of Minnesota (the "Issuer"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, in Minneapolis, Minnesota, a national banking association (the "Escrow Agent").

#### BACKGROUND:

WHEREAS, the Issuer has heretofore issued its \$12,785,000 Taxable General Obligation Tax Increment Bonds, Series 2005G, dated December 16, 2005, of which \$10,520,000 in principal amount maturing on February 1 in the years 2013 through 2026 is outstanding (the "2005 Bonds"); and

WHEREAS, the Issuer has determined to prepay and redeem the portion of the 2005 Bonds maturing on February 1, 2015 through 2026 (the "Refunded Bonds"), of which \$9,440,000 is outstanding and is subject to optional prepayment on February 1, 2014 (the "Redemption Date"); and

WHEREAS, the 2005 Bonds maturing on February 1, 2013 and 2014 and interest thereon (the "Unrefunded Portion of the 2005 Bonds") shall not be paid from the Escrow Account, but shall be paid by the Issuer from its own funds; and

WHEREAS, the Resolution adopted by the Issuer pursuant to which the 2005 Bonds were issued, a copy of which is attached as Exhibit E (the "2005 Bonds Resolution"), provides for the prepayment and redemption of the 2005 Bonds maturing on and after February 1, 2015, on the Redemption Date at a price equal to the principal amount plus accrued interest after notice of the call for redemption is given to the registered owner of each bond to be redeemed not less than 30 days nor more than 60 days prior to the Redemption Date as required by the 2005 Bonds Resolution; and

WHEREAS, the Issuer has determined to provide, by the issuance of its \$10,315,000 Taxable General Obligation Tax Increment Refunding Bonds, Series 2012F, dated as of the date hereof (the "Bonds"), funds which will be used, together with additional funds of the Issuer, for the purpose of (i) paying the interest on the Refunded Bonds on February 1, 2013, August 1, 2013 and February 1, 2014, and the prepayment of the Refunded Bonds due by reason of the redemption on the Redemption Date; and

WHEREAS, the Refunded Bonds are registered in the name of Cede & Co., as nominee for the Depository Trust Company, New York, New York ("DTC"); and

WHEREAS, proceeds of the Bonds along with certain other moneys to be delivered to the Escrow Agent are to be used to purchase certain federal securities hereinafter specified, which together with an initial cash balance are to be held in escrow by the Escrow Agent and are to be set apart and irrevocably segregated in a special trust fund sufficient to ensure the payment of: (a) interest due on the Refunded Bonds on February 1, 2013, August 1, 2013 and February 1, 2014; and (b) the prepayment and redemption of the principal of the Refunded Bonds maturing on and after February 1, 2015, on the Redemption Date.

**AGREEMENT:**

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

Section 1. Authority. The Issuer has, in accordance with a resolution of its governing body, adopted on November 8, 2012 (the "Resolution"), issued and sold the Bonds for the purpose of funding an escrow account pursuant to this Escrow Agreement (the "Escrow Account"), from which shall be paid (i) the interest on the Refunded Bonds on February 1, 2013, August 1, 2013, and February 1, 2014; and (ii) the prepayment and redemption of the Refunded Bonds maturing on and after February 1, 2015, on the Redemption Date (collectively, the "Escrow Payment Obligations") and has authorized the call for redemption of the Refunded Bonds.

Section 2. Directions to Escrow Agent.

A. In order to fund the Escrow Account, the Issuer directs the Escrow Agent that:

- i. the proceeds of the Bonds in the amount of \$\_\_\_\_\_ ; plus
- ii. accrued interest paid by the purchaser of the Bonds in the amount of \$0.00 [the amounts set forth in the foregoing clauses (i) and (ii) are herein referred to as the "Proceeds"]; plus
- iii. the Issuer's funds from the debt service account for the 2005 Bonds in the amount of \$\_\_\_\_\_ [the amount set forth in the foregoing clause (iii) is herein referred to as the "Funds"];

be applied by the Escrow Agent:

- a. to the purchase of obligations of the United States of America described in Exhibit B (the "Federal Securities");
- b. to establishing a beginning cash deposit in the Escrow Account (the "Cash Balance"), all as set forth on Exhibit A;
- c. to payment of interest on the Refunded Bonds as provided in Section 1; and
- d. to redeeming and prepaying the Refunded Bonds in accordance with the notices shown on Exhibit D.

B. The Issuer further directs that the Federal Securities and Cash Balance, together with interest to be earned thereon, shall be used to pay the Escrow Payment Obligations as provided for in Section 1.

Section 3. Escrow Account.

A. The Escrow Agent acknowledges receipt of the Federal Securities and Cash Balance and agrees that it will hold such Federal Securities and Cash Balance in the Escrow Account, which shall be a special, segregated and irrevocable Escrow Account in the name of the Issuer.

B. The deposit made to the Escrow Account constitutes an irrevocable deposit for the benefit of the holders of the Refunded Bonds. The Federal Securities, together with any interest earned thereon and the Cash Balance in the Escrow Account shall be held in trust and shall be applied solely in accordance with the provisions hereof and of the Resolution.

C. The Escrow Account created hereby shall be unconditional and irrevocable (except with the written consent of the holders of all outstanding Refunded Bonds), and the holders of the Refunded Bonds shall have an express lien on the Federal Securities and Cash Balance in the Escrow Account until paid out, used and applied in accordance with this Escrow Agreement and the Resolution.

D. It is recognized that title to the Federal Securities and Cash Balance and other amounts held in the Escrow Account from time to time shall remain vested in the Issuer, but subject always to the prior charge and lien thereof of this Escrow Agreement and the use thereof required to be made by the provisions of this Escrow Agreement. The Escrow Agent shall hold all such Federal Securities, Cash Balance and other monies in a special trust fund separate and apart from all other funds and securities of the Escrow Agent, and shall never commingle such Federal Securities or Cash Balance with any other monies.

E. Except as set forth herein, or as may be directed by the Issuer if accompanied by a legal opinion of nationally-recognized bond counsel in form and substance satisfactory to the Escrow Agent, the Escrow Agent shall have no power or duty to invest any monies held hereunder or to make substitutions of the Federal Securities held hereunder or to sell, transfer or otherwise dispose of the Federal Securities acquired hereunder, except to collect the principal thereof at maturity and the interest thereon as the same become due and payable. In the event the Escrow Account is reinvested, such reinvestment shall comply with the provisions of Minnesota Statutes, Section 475.67.

Section 4. Escrow Verification Report. The Issuer and the Escrow Agent acknowledge receipt of a report of \_\_\_\_\_ of \_\_\_\_\_, \_\_\_\_\_, certified public accountants (the "Escrow Verification Report"), verifying that the Federal Securities, together with the interest to be earned thereon and the Cash Balance in the Escrow Account, will be sufficient to pay the Escrow Payment Obligations as provided for in Section 1.

Section 5. Issuer Covenants.

A. The Issuer covenants that it will not repeal or amend the 2005 Bonds Resolution or the Resolution.

B. The Issuer covenants that upon receipt of notice from the Escrow Agent pursuant to Section 6.E. of this Agreement that monies on hand in the Escrow Account and available for

payment of the Escrow Payment Obligations as provided for in Section 1, will not be sufficient to make any payment when due to the holders of any of the Refunded Bonds, the Issuer will forthwith deposit in the Escrow Account, but only from monies on hand and legally available for such purpose, such additional monies as may be required to pay fully the amount so to become due and payable, and the Issuer recognizes its obligation under Minnesota Statutes, Section 475.61, to levy ad valorem taxes on all taxable property over which the Issuer has jurisdiction to the extent required to produce the monies necessary for this purpose.

C. The Issuer covenants that any monies held in trust by the Escrow Agent for the payment and discharge of any of the Refunded Bonds which remain after the Redemption Date and are returned to the Issuer in accordance with this Agreement, will be utilized in accordance with the Resolution.

Section 6. Duties of the Escrow Agent.

A. The Escrow Agent agrees that it shall provide written notice of defeasance of the Refunded Bonds and notice of redemption to the holders of the Refunded Bonds as set forth in **Exhibit C**. The Notice of Defeasance shall be given within 10 days of the date hereof and the Notice of Redemption shall be given at least 30 days but not more than 60 days prior to the Redemption Date.

B. The Escrow Agent agrees with respect to payment of interest coming due on the Refunded Bonds on and prior to the Redemption Date that it shall remit from the Escrow Account directly to the holders of the Refunded Bonds the money required for payment of the interest due on the Refunded Bonds as set forth in Section 1.

C. The Escrow Agent agrees with respect to payment of the outstanding principal amount of the Refunded Bonds called for prepayment and redemption on the Redemption Date that it shall remit from the Escrow Account directly to the holders of the Refunded Bonds the principal amount of the Refunded Bonds called for prepayment and redemption on the Redemption Date.

D. The Escrow Agent shall collect the matured principal of and interest on the Federal Securities as they become due and payable.

E. The Escrow Agent shall immediately notify the Issuer if at any time it shall appear to the Escrow Agent that the monies on hand in the Escrow Account and available for payment of the Escrow Payment Obligations will not be sufficient to make any payment when due to the holders of any of the Refunded Bonds.

F. The Escrow Agent shall return to the Issuer any monies held in trust for the payment and discharge of any of the Refunded Bonds which remain after the Redemption Date.

Section 7. Reliance by Escrow Agent. As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Escrow Agent shall be entitled to rely upon a certificate signed on behalf of the Issuer by the Mayor or the Clerk as sufficient evidence of the facts therein contained. The Escrow Agent may accept a certificate of the Clerk of the Issuer to the effect that a resolution in the form therein set forth has

been adopted by the Issuer as conclusive evidence that such resolution has been duly adopted and is in full force and effect.

Section 8. Limitation of Escrow Agent Liability. It is understood and agreed that the responsibilities of the Escrow Agent under this Escrow Agreement are limited to: (a) the safekeeping and segregation of the Federal Securities, Cash Balance and other monies deposited in the Escrow Account; (b) the collection of and accounting for the principal and interest payable with respect thereto; (c) the application of money in the Escrow Account as herein provided; and (d) providing the Notice of Defeasance and the Notice of Redemption as required by Section 6.A. herein; provided, however, that no provision of this Escrow Agreement herein contained shall be construed to require the Escrow Agent to keep the identical monies, or any part thereof, received for the Escrow Account on hand, but monies of an equal amount (except to the extent such are represented by investments permitted under this Escrow Agreement) shall always be maintained on hand as funds held by the Escrow Agent as trustee, belonging to the Issuer and a special account shall at all times be maintained on the books of the Escrow Agent, together with such investments. In the event of the Escrow Agent's failure to account for any money or obligations held by it in the Escrow Account, such money and obligations shall be and remain the property of the Issuer, and if for any reason such money or obligations cannot be identified, all other assets of the Escrow Agent shall be impressed with a trust for the amount thereof, and the Issuer shall be entitled to a preferred claim upon such assets.

Section 9. Fees of Escrow Agent. The Escrow Agent also acknowledges receipt of the sum of \$ \_\_\_\_\_ which shall be used for the payment of the fees and expenses of the Escrow Agent in connection with and for services rendered by it pursuant to this Escrow Agreement. The Escrow Agent shall have no lien whatsoever upon, and hereby expressly waives any such lien or any claim against, any of the Federal Securities and monies in the Escrow Account for the payment of said fees and expenses. If the fees or expenses are less than estimated, the Escrow Agent shall, as soon as reasonably practicable, return the unused monies to the Issuer.

Section 10. Concerning the Bondholders. This Escrow Agreement shall be binding upon and inure to the benefit of the Issuer and the Escrow Agent and their respective successors and assigns. In addition, this Escrow Agreement shall constitute a third-party beneficiary contract for the benefit of the holders of the Refunded Bonds. Such third-party beneficiaries shall be entitled to enforce performance and observance by the Issuer and the Escrow Agent of the respective agreements and covenants herein contained as fully and completely as if such third-party beneficiaries were parties hereto. Any bank into which the Escrow Agent may be merged or with which it may be consolidated or any bank resulting from any merger or consolidation to which it shall be a party or any bank to which it may sell or transfer all or substantially all of its corporate trust business shall be a successor escrow agent without the execution of any document or the performance of any further act.

Section 11. Term. This Escrow Agreement shall terminate when the Refunded Bonds have been paid in accordance with the provisions of this Escrow Agreement. If any Refunded Bonds are not presented to the bond registrar and paying agent for the Refunded Bonds for payment when due and payable, the nonpayment thereof shall not prevent the termination of this Escrow Agreement.

Section 12. Severability. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the parties to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

Section 13. Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument. This Escrow Agreement shall be governed by the laws of the State of Minnesota.

Section 14. Capitalized Terms. Capitalized terms not otherwise defined herein have the meaning given in the Resolution.

Section 15. Notices. Unless otherwise provided by the respective parties, all notices to each of them shall be addressed as follows:

To the Issuer:	City of Duluth, Minnesota Attention: Chief Financial Officer 107 City Hall 411 West First Street Duluth, MN 55802
To the Fiscal Consultant:	Public Financial Management, Inc. 800 Nicollet Mall, Suite 2710 Minneapolis, MN 55402
To Bond Counsel:	Fryberger, Buchanan, Smith & Frederick, P.A. Attention: Robert E. Toftey 302 West Superior Street, Suite 700 Duluth, MN 55802
To the Escrow Agent:	Wells Fargo Bank, National Association Corporate Trust and Escrow Services 625 Marquette Avenue, 11 <sup>th</sup> Floor MAC Code N9311-115 Minneapolis, MN 55479
To the Registrar and Paying Agent for the Refunded Bonds:	Wells Fargo Bank, National Association Corporate Trust and Escrow Services 625 Marquette Avenue, 11 <sup>th</sup> Floor MAC Code N9311-115 Minneapolis, MN 55479

**Section 16. Exhibits. The Exhibits to this Escrow Agreement are as follows:**

**Exhibit A Sources and Uses of Funds**

**Exhibit B Federal Securities**

**Exhibit C Notice of Defeasance and Call for Redemption of Refunded Bonds**

**Exhibit D Series 2005 Bonds Resolution**

(remainder of page left intentionally blank)

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF DULUTH, MINNESOTA

By \_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

WELLS FARGO BANK, NATIONAL  
ASSOCIATION

By \_\_\_\_\_  
Its \_\_\_\_\_

(Signature page to Escrow Agreement between the City of Duluth, Minnesota, and Wells Fargo Bank, National Association, as Escrow Agent)

**EXHIBIT A**

<b><i>SOURCES OF FUNDS</i></b>	
Proceeds of the Bonds	*
Issuer Funds – Debt Service Account – 2005 Bonds	
Accrued Interest	
<b>TOTAL</b>	

<b><i>USES OF FUNDS</i></b>	
Federal Securities	
Cash Balance	
Escrow Agent Fees	
<b>TOTAL</b>	

\* \$ \_\_\_\_\_ of the proceeds of the Bonds to Issuer for costs of issuance and rounding amount

**EXHIBIT B**

**FEDERAL SECURITIES  
(U.S. TREASURY)**

## EXHIBIT C

### NOTICE OF DEFEASANCE AND CALL FOR REDEMPTION \$12,785,000 TAXABLE GENERAL OBLIGATION TAX INCREMENT BONDS, SERIES 2005G OF THE CITY OF DULUTH, MINNESOTA

NOTICE IS HEREBY GIVEN that, by order of the City Council of the City of Duluth, Minnesota (the "City"), the City has deposited with Wells Fargo Bank, National Association (the "Escrow Agent") pursuant to an Escrow Agreement dated as of November 27, 2012, U.S. Government Obligations in an amount, together with interest thereon, which will be sufficient to pay the interest on all outstanding bonds of the maturities set forth below of the City designated as Taxable General Obligation Tax Increment Bonds, Series 2005G, dated December 16, 2005 (the "Bonds"), on February 1, 2013, August 1, 2013 and February 1, 2014, and to prepay and redeem all of the Bonds maturing on and after February 1, 2015, on February 1, 2014 (the "Redemption Date"). The Bonds which are defeased and their CUSIP numbers are as follows:

Number	Maturity	Principal Amount*	Interest Rate	CUSIP Number**
R-8	2015	\$ 585,000	5.250%	264438 DP 4
R-9	2016	615,000	5.250%	264438 DQ 2
R-10	2017	645,000	5.250%	264438 DR 0
R-11	2018	680,000	5.250%	264438 DS 8
R-12	2019	715,000	5.250%	264438 DT 6
R-13	2020	755,000	5.250%	264438 DU 3
R-14	2021	795,000	5.375%	264438 DV 1
R-15	2022	835,000	5.375%	264438 DW 9
R-16	2023	880,000	5.375%	264438 DX 7
R-17	2024	925,000	5.500%	264438 DY 5
R-18	2025	980,000	5.500%	264438 DZ 2
R-19	2026	1,030,000	5.500%	264438 EA 6

Note – the 2013 and 2014 maturities of the Bonds have not been defeased.

The Bonds being called for redemption and prepayment are being called at a price of par plus accrued interest to the Redemption Date on which date all interest on said Bonds will cease to accrue. Holders of the Bonds hereby called for redemption are requested to present their Bonds for payment at the office of Wells Fargo Bank, National Association, Corporate Trust Operations, P.O. Box 1517, Minneapolis, Minnesota 55480-1517, on or before the Redemption Date.

\* Indicates full call of stated maturity.

\*\* Neither the City nor the Escrow Agent shall be responsible for the selection of or use of the CUSIP number, and no representation is made as to its correctness indicated in the Notice of Defeasance and Call for Redemption. CUSIP numbers are included solely for the convenience of the Holders.

Dated: November 27, 2012

BY ORDER OF THE CITY COUNCIL OF THE CITY  
OF DULUTH, MINNESOTA

**EXHIBIT C, continued**

**NOTICE OF CALL FOR REDEMPTION  
\$12,785,000 TAXABLE GENERAL OBLIGATION TAX INCREMENT BONDS, SERIES 2005G  
OF THE CITY OF DULUTH, MINNESOTA**

NOTICE IS HEREBY GIVEN that, by order of the City Council of the City of Duluth, Minnesota (the "City"), there have been called for redemption and prepayment on

February 1, 2014,

all outstanding Bonds of the City designated as Taxable General Obligation Tax Increment Bonds, Series 2005G, dated December 16, 2005, having stated maturity dates of February 1 in the years 2015 through 2026, both inclusive, totaling \$9,440,000 in outstanding principal amount, and with the following CUSIP numbers:

<b>Number</b>	<b>Maturity</b>	<b>Principal Amount*</b>	<b>Interest Rate</b>	<b>CUSIP Number**</b>
R-8	2015	\$ 585,000	5.250%	264438 DP 4
R-9	2016	615,000	5.250%	264438 DQ 2
R-10	2017	645,000	5.250%	264438 DR 0
R-11	2018	680,000	5.250%	264438 DS 8
R-12	2019	715,000	5.250%	264438 DT 6
R-13	2020	755,000	5.250%	264438 DU 3
R-14	2021	795,000	5.375%	264438 DV 1
R-15	2022	835,000	5.375%	264438 DW 9
R-16	2023	880,000	5.375%	264438 DX 7
R-17	2024	925,000	5.500%	264438 DY 5
R-18	2025	980,000	5.500%	264438 DZ 2
R-19	2026	1,030,000	5.500%	264438 EA 6

The Bonds are being called at a price of par plus accrued interest to February 1, 2014, on which date all interest on said Bonds will cease to accrue. Holders of the Bonds hereby called for redemption are requested to present their Bonds for payment at the office of Wells Fargo Bank, National Association, Corporate Trust Operations, P.O. Box 1517, Minneapolis, Minnesota 55480-1517, on or before February 1, 2014.

**Important Notice:** In compliance with the Economic Growth and Tax Relief Reconciliation Act of 2001, federal backup withholding tax will be withheld at the applicable backup withholding rate in effect at the time of payment by the redeeming institutions if they are not provided with your social security number or federal employer identification number, properly certified. This requirement is fulfilled by submitting a W-9 Form, which may be obtained at a bank or other financial institution.

\* Indicates full call of stated maturity.

\*\* Neither the City nor the escrow agent shall be responsible for the selection of or use of the CUSIP number, and no representation is made as to its correctness indicated in the Notice of Call for Redemption. CUSIP numbers are included solely for the convenience of the Holders.

WELLS FARGO BANK, NATIONAL  
ASSOCIATION, as Escrow Agent for the City of  
Duluth, Minnesota

**EXHIBIT D**

**2005 BONDS RESOLUTION**