

Extract of Minutes of Meeting of the
City Council of the City of Grand Marais
Cook County, Minnesota

Pursuant to due call and notice thereof, a meeting of the City Council of the City of Grand Marais, Minnesota, was duly held at the City Hall in the City, on Wednesday, May 31, 2017, at 6:30 o'clock P.M.

The following members were present:

and the following were absent:

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The Mayor announced that the meeting was convened for the purpose of considering proposals for the purchase of \$3,575,000 General Obligation Bonds, Series 2017A.

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It was reported that four (4) proposals for the purchase of the City's General Obligation Bonds, Series 2017A (the principal amount being subject to adjustment in accordance with the Terms of Proposal), had been received prior to 10:00 a.m., Central Time, pursuant to the Terms of Proposal contained in the Preliminary Official Statement, dated May 18, 2017; that the proposals had been opened, read and tabulated; and that the best proposal of each proposal maker was determined to be as follows:

SEE ATTACHED



BID TABULATION

\$3,640,000* General Obligation Bonds, Series 2017A

City of Grand Marais, Minnesota

SALE: May 31, 2017

AWARD: NORTHLAND SECURITIES, INC.

Rating: S&P Global Ratings "AA"

BBI: 3.69%
Bank Qualified

NAME OF BIDDER	MATURITY (February 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
NORTHLAND SECURITIES, INC. Minneapolis, Minnesota	2019	3.000%	1.000%	\$3,781,764.40	\$810,421.64	2.4059%
	2020	3.000%	1.150%			
D.A. Davidson	2021	3.000%	1.250%			
Hilliard Lyons	2022	3.000%	1.400%			
United Bankers' Bank	2023	3.000%	1.550%			
	2024	3.000%	1.700%			
	2025	3.000%	1.850%			
	2026	3.000%	2.000%			
	2027	2.500%	2.100%			
	2028	2.500%	2.200%			
	2029	2.750%	2.300%			
	2030	3.000%	2.400%			
	2031	3.000%	2.500%			
2032	3.000%	2.600%				
2033	3.000%	2.700%				

* Subsequent to bid opening the issue size was decreased to \$3,575,000.

Adjusted Price - \$3,713,793.16

Adjusted Net Interest Cost - \$806,384.03

Adjusted TIC - 2.4120%

NAME OF BIDDER	MATURITY (February 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
BAIRD Milwaukee, Wisconsin	2019	3.000%		\$3,814,806.75	\$830,523.25	2.4535%
	2020	3.000%				
	2021	3.000%				
	2022	3.000%				
	2023	3.000%				
	2024	3.000%				
	2025	3.000%				
	2026	4.000%				
	2027	3.000%				
	2028	3.000%				
	2029	3.000%				
	2030	3.000%				
	2031	3.000%				
	2032	3.000%				
2033	3.000%					
UMB BANK, N.A. Kansas City, Missouri	2019	2.000%		\$3,772,168.45	\$838,943.22	2.4732%
	2020	2.000%				
	2021	2.000%				
	2022	2.250%				
	2023	2.250%				
	2024	1.750%				
	2025	2.500%				
	2026	2.500%				
	2027	2.500%				
	2028	3.000%				
	2029	3.000%				
	2030	3.250%				
	2031	3.500%				
	2032	3.500%				
2033	3.500%					



Bid Tabulation
City of Grand Marais, Minnesota
\$3,640,000* General Obligation Bonds, Series 2017A

May 31, 2017

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NAME OF BIDDER	MATURITY (February 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
STIFEL NICOLAUS Memphis, Tennessee	2019	3.000%		\$3,757,889.05	\$866,820.95	2.5848%
	2020	3.000%				
	2021	3.000%				
	2022	3.000%				
	2023	3.000%				
	2024	3.000%				
	2025	3.000%				
	2026	3.000%				
	2027	3.000%				
	2028	3.000%				
	2029	3.000%				
	2030	3.000%				
	2031	3.000%				
	2032	3.000%				
	2033	3.000%				



Bid Tabulation
City of Grand Marais, Minnesota
\$3,640,000* General Obligation Bonds, Series 2017A

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Member _____ introduced the following written resolution and moved its adoption:

RESOLUTION NO. 2017-29

RESOLUTION AWARDED SALE OF
\$3,575,000 GENERAL OBLIGATION BONDS, SERIES 2017A,
FIXING THE FORM AND SPECIFICATIONS
THEREOF, PROVIDING FOR THEIR EXECUTION AND
DELIVERY, AND PROVIDING FOR THEIR PAYMENT

BE IT RESOLVED by the City Council (the “City Council”) of the City of Grand Marais (the “City”), Minnesota, as follows:

ARTICLE I

AUTHORIZATION AND SALE

1.01. Authorization and Purpose. At a meeting held on April 26, 2017, this City Council determined to sell and issue its general obligation bonds of the City in the total aggregate principal amount of approximately \$3,640,000 (as more fully described herein, the “Bonds”). In the Terms of Proposal (the “Terms of Proposal”), the City reserved the right, after proposals were opened and prior to award, to increase or decrease the principal amount of the Bonds offered for sale or the amount of any individual maturity, with the increase or decrease to occur in multiples of \$5,000 in any of the maturities. The Terms of Proposal are hereby ratified and confirmed in all respects and are incorporated herein by reference as though fully specified in this Article.

1.02. Sale. The City Council, having been advised by Ehlers & Associates, Inc., its independent municipal advisor (the “Municipal Advisor”), previously authorized its Municipal Advisor to solicit proposals on behalf of the City for the sale of the Bonds (as defined below) on a competitive basis without requirement of published notice, all in accordance with Minnesota Statutes, Section 475.60, Subdivision 2. The City Council has publicly received and considered all proposals presented in conformity with the Terms of Proposal. The most favorable of such proposals is ascertained to be that of Northland Securities, Inc. (the “Purchaser”) to purchase the Bonds at a price of \$3,713,793.16 plus interest accrued to settlement, and upon the further terms and conditions set forth in the Terms of Proposal and this resolution. The proposal of the Purchaser is hereby accepted and the sale of the Bonds is hereby awarded to the Purchaser.

1.03. Execution of Documents; Good Faith Deposit. The Mayor, the City Administrator and the Finance Director (including anyone authorized to act on his or her behalf, the “Authorized Officers”), or each individually, is authorized and directed to endorse an acceptance on both copies of the most favorable proposal and to send one copy to the Purchaser. The Treasurer of the City is directed to deposit the good faith deposit of the Purchaser, specified in the Terms of Proposal, pending delivery of the Bonds and payment therefor.

1.04. Compliance with the Laws. All acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed precedent to the issuance of the Bonds having been done, having happened and having been performed in regular and due form, time and manner as required by law, the City Council hereby finds and determines that it is necessary for this City Council to provide for the issuance, sale

and deliver of the Bonds, to establish the form and terms of the Bonds and to provide for the payment and the security thereof.

ARTICLE II

AUTHORIZATION; BOND TERMS; REGISTRATION; EXECUTION AND DELIVERY

2.01. Authorization and Designation. In accordance with the Constitution and laws of the State of Minnesota, as well as the Terms of Proposal, the City Council hereby authorizes the issuance of the Bonds in the aggregate principal amount of \$3,575,000 to be used to finance a portion of the construction of a new public works facility within the City (the “Project”). Such Bonds, which have been sold on this date to the Purchaser, shall be designated as “General Obligation Bonds, Series 2017A” (the “Bonds”). The Bonds consist of \$2,030,000 in principal amount of obligations issued pursuant to Minnesota Statutes, Section 475.521 (the “Capital Improvement Portion”) and \$1,545,000 in principal amount of obligations issued pursuant to Minnesota Statutes, Section 444.075 (the “Utility Revenue Portion”).

2.02. Maturities, Interest Rates and Denominations. The Bonds shall be originally dated their date of original issue and delivery (June 28 2017), shall be issued and sold in denominations of \$5,000 or any integral multiple thereof within a single maturity, shall mature on February 1 in the years and amounts set forth below and shall bear interest at the rates per annum set forth below opposite such years and amounts from their date of original issue or from the most recent Interest Payment Date to which interest has been paid or duly provided for until paid or duly called for redemption (if any), as follows:

Maturity Date (February 1)	Principal Amount	Interest Rate
2019	\$ 195,000	3.000%
2020	200,000	3.000
2021	205,000	3.000
2022	210,000	3.000
2023	220,000	3.000
2024	220,000	3.000
2025	230,000	3.000
2026	240,000	3.000
2027	245,000	2.500
2028	250,000	2.500
2029	255,000	2.750
2030	265,000	3.000
2031	270,000	3.000
2032	280,000	3.000
2033	290,000	3.000

The Capital Improvement Portion of the Bonds is as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2019	\$110,000	2027	140,000

2020	115,000	2028	140,000
2021	115,000	2029	145,000
2022	120,000	2030	150,000
2023	125,000	2031	155,000
2024	125,000	2032	160,000
2025	130,000	2033	165,000
2026	135,000		

The Utility Revenue Portion of the Bonds is as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2019	\$85,000	2027	105,000
2020	85,000	2028	110,000
2021	90,000	2029	110,000
2022	90,000	2030	115,000
2023	95,000	2031	115,000
2024	95,000	2032	120,000
2025	100,000	2033	125,000
2026	105,000		

The Bonds shall be issuable only in fully registered form. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months. The interest thereon and, upon surrender of each Bond, the principal amount thereof, shall be paid by check or draft issued by Bond Trust Services Corporation (the “Paying Agent”) described herein; provided, however, that so long as the Bonds are registered in the name of a securities depository, or a nominee thereof, in accordance with Section 2.08 hereof, the principal of and the interest on the Bonds shall be paid in accordance with the operational arrangements of the securities depository.

The maturities set forth above, together with the maturities of all other outstanding general obligation bonds of the City, meet the requirements of Minnesota Statutes, Section 475.54.

2.03. Dates and Interest Payments. Upon initial delivery of the Bonds pursuant to Section 2.07 hereof and upon any subsequent transfer or exchange pursuant to Section 2.06 hereof, the date of authentication shall be noted on each Bond so delivered, exchanged or transferred. The interest on the Bonds shall be payable on February 1 and August 1 (each, an “**Interest Payment Date**”), commencing February 1, 2018, to the owners of record thereof as of the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day the (“**Record Date**”).

If any payments of interest due on the Bonds on an Interest Payment Date are not timely made, such interest shall cease to be payable to the registered owners as of the Record Date for such Interest Payment Date and shall be payable to the registered owners of the Bonds as of a special date of record for payment of such defaulted interest as shall be designated by the Registrar whenever monies for the purpose of paying such defaulted interest becomes available.

If the date for payment of the principal of or the interest on the Bonds shall be a Saturday, Sunday, legal holiday or day on which banking institutions in the city in which the principal corporate trust office of the Registrar is located are authorized by law or executive order to close, the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or day on which such banking institutions are authorized to close, and payment on such day shall have the same force and effect as if made on the nominal payment date.

2.04. Redemption.

(a) **Optional Redemption.** All Bonds maturing on or after February 1, 2027, are subject to redemption and prior payment in whole or in part in such order as the City may determine and by lot within a maturity at the option of the City on February 1, 2026, and any date thereafter at par and accrued interest. All Bonds shall be redeemed at a price of par plus accrued interest to the date of redemption. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

(b) **Notice of Redemption.** Notice of redemption of Bonds stating their designation, date, maturity, principal amounts and the redemption date shall be given by the Registrar by mailing such notice by first class mail, postage prepaid, not more than 60 days and not less than 30 days prior to the date fixed for redemption (or such shorter period as may be acceptable to the then registered owner of the Bonds) to the registered owners at their most recent addresses appearing upon the books of the Registrar. Failure to give notice to any particular registered owner or any defect in the notice given to such owner shall not affect the validity of the proceedings calling the Bonds or the redemption of any Bonds for which proper notice has been given. Notice of redemption need not be given to the holder of any Bonds, whether registered or not, who has waived notice of redemption. Notice of redemption having been given as provided above or notice of redemption having been waived by the owners of Bonds called for redemption to whom such notice has not been given as provided above, the Bonds so called for redemption shall become due and payable on the designated redemption date.

2.05. Appointment of Initial Registrar. The City hereby appoints Bond Trust Services Corporation in Roseville, Minnesota, as the initial bond registrar, transfer agent and paying agent (the “**Registrar**”). The Authorized Officers, or each individually, is authorized to execute and deliver, on behalf of the City, a contract with the Registrar (the “**Registrar Agreement**”). The Registrar shall have only such duties and obligations as are expressly specified by this Resolution and the Registrar Agreement, and no other duties or obligations shall be implied to the Registrar, except as may be set forth in a written agreement between the City and a successor Registrar.

The City agrees to pay the reasonable and customary charges of the Registrar for the services performed. The Registrar shall notify the City in writing of any changes in its principal corporate trust office as set forth in this Section.

Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, such corporation shall be authorized to act as successor Registrar.

The City reserves the right to remove the Registrar upon thirty (30) days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Bonds in its possession to the successor Registrar and shall deliver the bond register to the successor Registrar. The Authorized Officers, or each individually, is authorized to remove the Registrar as provided herein if such officer determines removal is in the best interest of the City. Upon such removal, any Authorized Officer may appoint a successor Registrar and execute a Registrar Agreement with such successor Registrar in a form substantially similar to that approved by the City Council pursuant to this Resolution, but with such changes as such officer deems appropriate or necessary.

2.06. Registration. The effect of registration and the rights and duties of the City and the Registrar with respect thereto shall be as follows:

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

(b) Transfer of Bonds. Upon surrender for transfer of any Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after any Record Date and until the immediately succeeding Interest Payment Date.

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

(d) Cancellation. All Bonds surrendered upon any transfer or exchange shall be promptly canceled by the Registrar and thereafter disposed of as directed by the City.

(e) Improper or Unauthorized Transfer. When any Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for

the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

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

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

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

(i) Authenticating Agent. The Registrar is hereby designated authenticating agent for the Bonds, within the meaning of Minnesota Statutes, Section 475.55, Subdivision 1.

(j) Valid Obligations. All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the City, evidencing the same debt, and entitled to the same benefits under this Resolution as the Bonds surrendered upon such transfer or exchange.

2.07. Execution; Authentication and Delivery. The Bonds shall be prepared under the direction of the City Administrator and shall be executed on behalf of the City by the manual or facsimile signatures of each of the Mayor and the City Administrator, provided that all signatures may be printed, engraved, or lithographed facsimiles of the originals. In case any officer whose signature, or a facsimile of whose signature, shall appear on the Bonds shall cease to be such officer before the delivery of any Bond, such signature or facsimile shall nevertheless

be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. Notwithstanding such execution, no Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on such Bond has been duly executed by the manual signature of the Registrar. The executed certificate of authentication on each Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution. When the Bonds have been so executed and authenticated, they shall be delivered by the Finance Director to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed.

2.08. Securities Depository.

(a) For purposes of this section the following terms shall have the following meanings:

“Beneficial Owner” shall mean, whenever used with respect to a Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant, or such person’s subrogee.

“Cede & Co.” shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

“DTC” shall mean The Depository Trust Company of New York, New York.

“Participant” shall mean any broker-dealer, bank or other financial institution for which DTC holds Bonds as securities depository.

“Representation Letter” shall mean the Representation Letter pursuant to which the City agrees to comply with DTC’s Operational Arrangements.

(b) The Bonds shall be initially issued as separately authenticated fully registered bonds, and one Bond shall be issued in the principal amount of each stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Registrar and the City may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Bonds under this Resolution, registering the transfer of Bonds, and for all other purposes whatsoever; and neither the Registrar nor the City shall be affected by any notice to the contrary. Neither the Registrar nor the City shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the bond register as being a registered owner of any Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of or interest on the Bonds, with respect to any notice which is permitted or required to be given to owners of Bonds under this Resolution, with respect to the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds, or with respect to any consent given or other action taken by DTC as registered owner

of the Bonds. So long as any Bond is registered in the name of Cede & Co., as nominee of DTC, the Registrar shall pay all principal of and interest on such Bond, and shall give all notices with respect to such Bond, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the City to make payments of principal and interest. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Bonds will be transferable to such new nominee in accordance with paragraph (e) hereof.

(c) If the City determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bonds in the form of bond certificates, the City may notify DTC and the Registrar, whereupon DTC shall notify the Participants of the availability through DTC of Bonds in the form of certificates. In such event, the Bonds will be transferable in accordance with paragraph (e) hereof DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and the Registrar and discharging its responsibilities with respect thereto under applicable law. In such event the Bonds will be transferable in accordance with paragraph (e) hereof.

(d) The execution and delivery of the Representation Letter to DTC by the Authorized Officers, or each individually, if not previously filed with DTC, is hereby authorized and directed.

(e) If any transfer or exchange of Bonds is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this Resolution. If Bonds in the form of certificates are issued to owners other than Cede & Co., its successor as nominee for DTC as owner of all the Bonds, or another securities depository as owner of all the Bonds, the provisions of this Resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Bonds in the form of bond certificates and the method of payment of principal of and interest on such Bonds in the form of bond certificates.

ARTICLE III

FORM OF BONDS

The Bonds, the Registrar's Authentication Certificate and the form of assignment shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF COOK
CITY OF GRAND MARAIS

No. ____

\$ _____

GENERAL OBLIGATION
BOND, SERIES 2017A

Interest Rate	Maturity	Date of Original Issue	CUSIP
		June 28, 2017	

Registered Owner: Cede & Co.

Principal Amount:

The City of Grand Marais, Cook County, Minnesota, for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above on the maturity date specified above, upon the presentation and surrender hereof, and to pay to the Registered Owner hereof interest on such Principal Amount at the Interest Rate specified above from June 28, 2017, or the most recent interest payment date to which interest has been paid or duly provided for as specified below, on February 1 and August 1 of each year, commencing February 1, 2018, until said principal amount is paid. Principal is payable in lawful money of the United States of America at the office of Bond Trust Services Corporation, in Roseville, Minnesota, as Bond Registrar or of its successor as Bond Registrar designated by the City upon 60 days' notice to the registered owners at their registered addresses. Interest shall be paid on each February 1 and August 1 interest payment date by check or draft mailed to the person in whose name this Bond is registered at the close of business on the 15th day of the month preceding each interest payment date (whether or not a business day) at said person's address set forth on the registration books maintained by the Bond Registrar. Any such interest not punctually paid or provided for will cease to be payable to the owner of record as of such regular record dates and such defaulted interest may be paid to the person in whose name this Bond shall be registered at the close of business on a special record date for the payment of such defaulted interest established by the Bond Registrar.

All Bonds maturing on or after February 1, 2027, are subject to redemption and prior payment in whole or in part in such order as the City may determine and by lot within a maturity at the option of the City on February 1, 2026, and any date thereafter at par and accrued interest. Notice of redemption of Bonds stating their designation, date, maturity, principal amounts and the redemption date shall be given by the Registrar by mailing such notice by first class mail, postage prepaid, not more than 60 days and not less than 30 days prior to the date fixed for redemption (or such shorter period as may be acceptable to the then registered owner of the Bonds) to the registered owners at their most recent addresses appearing upon the books of the Registrar. Failure to give notice to any particular registered owner or any defect in the notice given to such owner shall not affect the validity of the proceedings calling the Bonds or the redemption of any Bonds for which proper notice has been given. Notice of redemption need not be given to the holder of any Bonds, whether registered or not, who has waived notice of redemption. Notice of redemption having been given as provided above or notice of redemption having been waived by the owners of Bonds called for redemption to whom such notice has not been given as provided above, the Bonds so called for redemption shall become due and payable on the designated redemption date. Any Bond called for redemption, and for the payment of

which moneys are set aside by the City on the redemption date, shall not bear interest after the redemption date, regardless of any delay in its presentation.

During such time as this Bond is registered in the name of Cede & Co., as nominee of Depository Trust Company (“DTC”), the method of payment, notice of redemption and certain other matters are subject to the terms of the Representation Letter executed by the City and DTC prior to the date of issuance of the Bonds as such Representation Letter may be amended from time to time.

This Bond is one of an issue of Bonds in the aggregate principal amount of \$3,5750,000, all of like date and tenor except as to maturity, interest rate and redemption privilege, issued pursuant to and in full conformity with the Constitution and Laws of the State of Minnesota, including Minnesota Statutes, Sections 444.075 and 475.521, and Chapter 475, for the purpose of financing a portion of the construction of a new public works facility within the City identified in the Resolution referred to below. This Bond is payable from (i) ad valorem taxes levied under the Resolution, and (ii) available utility revenues of the City received from the operation of the City’s sewer system to the extent described in the Resolution. Notwithstanding the foregoing, this Bond constitutes a general obligation of the City and to provide moneys for the prompt and full payment of said principal and interest as the same become due the full faith and credit of the City is hereby irrevocably pledged, and the City will levy additional ad valorem taxes on all taxable property in the City, if required for such purpose, without limitation as to rate or amount.

This Bond is transferable, as provided by the Resolution of the City Council authorizing the issuance of the Bonds of this series adopted May 31, 2017 (the “Resolution”), only upon books of the City kept at the office of the Bond Registrar by the Registered Owner hereof in person or by the Registered Owner’s duly authorized attorney, upon surrender of this Bond for transfer at the office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Bond Registrar duly executed by, the Registered Owner hereof or the Registered Owner’s duly authorized attorney, and, upon payment of any tax, fee or other governmental charge required to be paid with respect to such transfer, one or more fully registered Bonds of the series of the same principal amount, maturity and interest rate will be issued to the designated transferee or transferees. The Registered Owner of this Bond may be treated as the absolute owner hereof for all purposes.

The Bonds of this series are issuable only as fully registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof not exceeding the principal amount maturing in any one year. As provided in the Resolution and subject to certain limitations therein set forth, the Bonds of this series are exchangeable for a like aggregate principal amount of Bonds of this series of a different authorized denomination, as requested by the Registered Owner or the owner’s duly authorized attorney upon surrender thereof to the Bond Registrar.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed precedent to and in the issuance of this Bond have been done, have happened and have been performed in regular and due form, time and manner as required by law and that this

Bond, together with all other indebtedness of the City outstanding on the date of its issuance, does not exceed any constitutional or statutory limitation of indebtedness.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication and Registration hereon shall have been signed by the Bond Registrar.

IN WITNESS WHEREOF, the City of Grand Marais, Minnesota, by its City Council, has caused this Bond to be executed in its behalf by the facsimile signature of the Mayor and by the facsimile signature of the City Administrator, all as of the Date of Original Issue specified above.

(Facsimile Signature)
Mayor

(Facsimile Signature)
City Administrator

BOND REGISTRAR'S
CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Bonds described in the within mentioned Resolution and this Bond has been registered as to principal and interest in the name of the Registered Owner identified above on the registration books of the City of Grand Marais, Minnesota.

Dated: June 28, 2017

BOND TRUST SERVICES
CORPORATION,
As Bond Registrar

By _____
Authorized Signature

ASSIGNMENT

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

(Please Print or Typewrite Name and Address of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Please Insert Social Security Number or Other Identifying Number of Assignee

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

Signature Guaranteed:

Signatures must be guaranteed by a national bank or trust company or by a brokerage firm having membership in one of the major stock exchanges.

ARTICLE IV

DEPOSIT AND APPLICATION OF BOND PROCEEDS

Upon payment for the Bonds by the Purchaser, a portion of the proceeds of the Bonds in the amount of \$5,000,000.00 shall be deposited to the Project Fund (as defined herein) to pay a portion of the construction of a new public works facility within the City and a portion of the proceeds of the Bonds, in the amount of \$34,989.69, shall be deposited to the Debt Service Fund (as defined herein) as capitalized interest allocable to the Capital Improvement Portion prior to receipt of taxes levied for such purpose.

ARTICLE V

CREATION OF FUNDS; ESTABLISHMENT AND PLEDGE OF TAX LEVIES; INVESTMENTS

Section 5.01. General Obligation Bonds, Series 2017A Project Fund. There is hereby established on the official books and records of the City a “General Obligation Bonds, Series 2017A Project Fund” (the “Project Fund”). The proceeds of the Bonds deposited in the Project Fund in accordance with Article IV hereof shall be expended solely for the payment of the costs of the Project. The City shall maintain the Project Fund until all costs and expenses incurred in connection with the Project have been paid. Amounts in the Project Fund shall be applied to pay the costs and expenses of acquiring, constructing, equipping and furnishing the Project. Project Fund moneys may be applied to pay the costs of issuing the Bonds; the City

may also pay such costs from other legally available moneys. After payment of all Project costs and expenses, the Project Fund shall be discontinued and any Bond proceeds remaining therein shall be credited to the Debt Service Fund established by Section 5.02 hereof.

Section 5.02. General Obligation Bonds, Series 2017A Debt Service Fund. The principal of and the interest on the Bonds shall be paid from a “General Obligation Bonds, Series 2017A Debt Service Fund” (the “Debt Service Fund”) which shall be created and maintained on the books of the City as a separate debt payment fund until the Bonds, and all interest thereon, are fully paid. Available net revenues of the City’s sewer system (to the extent of debt service on the Utility Revenue Portion of the Bonds are hereby irrevocably appropriated and pledged to the payment of principal of and interest on the Bonds herein authorized (other than debt service on the Capital Improvement Portion of the Bonds), and the City will impose and collect charges of the nature authorized by Section 444.075, Minnesota Statutes, at the times and in the amounts, together with pledged net revenues, sufficient to pay debt service on such Utility Revenue Portion. All ad valorem taxes levied and collected as hereinafter specified shall be credited to the Debt Service Fund (“Pledged Taxes”), as well as all annually appropriated utility revenues from the operation of the City’s sewer system (“Pledged Utility Revenues”), as well as any other funds appropriated by the City for the payment of the Bonds. If any payment of principal of or interest on the Bonds shall become due when there is not sufficient money in the Debt Service Fund to make such payment, the City Treasurer shall pay the same from any other available fund of the City, and such other fund shall be reimbursed for such advances out of the proceeds of the taxes levied for the payment of the Bonds when available.

The moneys and investments in the Debt Service Fund shall be used for no other purpose than to pay principal and interest on the Bonds until such principal and interest shall have been paid in full; provided, however, that nothing herein contained shall prevent the issuance and sale of additional bonds payable from ad valorem taxes and utility revenues to provide additional funds to pay the balance of the cost of the Project and other authorized purposes.

Section 5.03. General Obligations; Establishment and Pledge of Tax Levies; Pledge of Utility Revenues. The Bonds shall be direct, general obligations of the City, and the City irrevocably pledges the full faith and credit and the tax power of the City to the prompt payment of the principal of, premium, if any, and the interest on the Bonds as the same become due. As required by Minnesota Statutes, Section 475.61, Subdivision 1, the City hereby represents, warrants and covenants that it shall cause to be levied and collected annually on all taxable property in the City a direct, annual ad valorem tax which shall be spread upon the tax rolls for collection in the years and amounts as follows, as a part of other general taxes of the City, as follows:

<u>Levy Year</u>	<u>Collection Year</u>	<u>Amount</u>
2018	2019	\$177,594.38
2019	2020	179,379.38
2020	2021	175,756.88
2021	2022	177,384.38
2022	2023	178,854.38
2023	2024	174,916.88

<u>Levy Year</u>	<u>Collection Year</u>	<u>Amount</u>
2024	2025	176,229.38
2025	2026	177,384.38
2026	2027	178,381.88
2027	2028	174,706.88
2028	2029	176,281.88
2029	2030	177,345.00
2030	2031	177,870.00
2031	2032	178,237.50
2032	2033	178,447.50

Such tax shall be in excess of and in addition to all other taxes now or hereafter authorized to be levied by the City. The special tax described herein and all receipts therefrom are pledged to the payment of debt service on the Bonds. Such tax shall be irrevocable as long as any of the Bonds are outstanding and unpaid; provided that the City reserves the right and power to reduce the levies in the manner and to the extent permitted by Minnesota Statutes, Section 475.61. It is hereby found and determined that the foregoing taxes, if collected in full, will, together with the estimated collection of Pledged Utility Revenues, produce at five percent (5%) in excess of the annual principal and interest requirements of the Bonds; but the Bonds are general obligations of the City to which the full faith, credit and unlimited taxing powers of the City have been and are hereby pledged; and the City Council shall levy general ad valorem taxes on all taxable property in the City, if necessary, to pay the principal of and interest on the Bonds when due. If, as of the date tax levies are certified in any year, the sum of the balance in the Debt Service Fund plus any ad valorem taxes theretofore levied for the payment of Bonds payable therefrom and collectible through the end of the following calendar year is not sufficient to pay when due all principal and interest to become due on all Bonds payable therefrom in said following calendar year, or the Debt Service Fund has incurred a deficiency in the manner provided in Section 5.02 hereof, an additional direct, irrevocable, ad valorem tax shall be levied on all taxable property within the corporate limits of the City for the purpose of restoring such accumulated or anticipated deficiency in accordance with the provisions of this Resolution.

Section 5.04. Investments. Moneys in each of the funds and accounts created and established by this Resolution shall be deposited, invested and secured in accordance with State law. Moneys held in such funds and accounts may be invested by the City or at its direction in such amounts and maturing at such times as shall reasonably provide for moneys to be available when required in the accounts or funds; provided, however, that no such investment shall be made for a period extending longer than to the date when the moneys invested may be needed for the purpose for which such fund or account was created; and provided further that such investments shall be subject to the covenants and provisions of the Article VII hereof. All interest on any authorized investment held in any fund or account shall accrue to and become a part of such fund or account. All money held in the funds created by this Resolution shall be kept separate and apart from all other funds of the City so that there shall be no commingling of such funds with any other funds of the City.

ARTICLE VI

CERTIFICATION OF PROCEEDINGS

6.01. Filing with County Auditor. The City Administrator of the City is hereby authorized and directed to file with the County Auditor of Cook County a certified copy of this Resolution together with such other information as the County Auditor shall require and to obtain from the County Auditor a certificate that the Bonds have been entered upon the bond registers and that the tax for the payment of the Bonds has been levied as required by law.

6.02. Certification of Proceedings. The officers of the City and the County Auditor are hereby authorized and directed to prepare and furnish to the Purchaser and to Kutak Rock LLP, Bond Counsel, certified copies of all proceedings and records of the City relating to the Bonds and to the financial condition and affairs of the City, and such other affidavits, certificates and information as may be required to show the facts relating to the legality and marketability of the Bonds as they appear from the books and records under the officer's custody and control or as otherwise known to the them. All such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the City to the correctness of all statements contained herein.

6.03. Official Statement. The Preliminary Official Statement relating to the Bonds, as of its date May 18, 2017, prepared and distributed by the Municipal Advisor, including any amendments or supplements thereto, is hereby ratified, approved and deemed "final" for purposes of Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934, as amended ("Rule 15c2-12"). The Municipal Advisor is hereby authorized on behalf of the City to prepare and distribute to the Purchaser, within seven business days from the date hereof, a final Official Statement listing the offering prices, the interest rates, selling compensation, delivery date, the underwriters and such other information relating to the Bonds required to be included in the Official Statement by Rule 15c2-12. The use and public distribution of the final Official Statement by the Purchaser in connection with the offering and sale of the Bonds is hereby authorized. The officers of the City are hereby authorized and directed to execute such certificates as may be appropriate concerning the accuracy, completeness and sufficiency of the Official Statement.

ARTICLE VII

COVENANTS AND ARBITRAGE MATTERS

7.01. Restrictive Action. The City covenants and agrees with the registered owners of the Bonds that the City (a) will not take or permit to be taken by any of its officers, employees or agents any actions that would cause interest on the Bonds to become includable in gross income of the recipient under the Code and applicable Regulations, and (b) will take any and all actions within its powers to ensure that the interest will not become includable in gross income of the recipient under the Code and the Regulations. The proceeds of the Bonds will be used to finance a portion of the construction of a new public works facility within the City. So long as the Bonds are outstanding, the City shall not enter into any lease, management agreement, use agreement or other contract with any nongovernmental entity relating to the Project so financed which would cause the Bonds to be considered "private activity bonds" or "private loan bonds" pursuant to Section 141 of the Code.

7.02. Arbitrage Certification. The Authorized Officers, or each individually, is authorized and directed to execute and deliver to the Purchaser a certificate in accordance with the provisions of Section 148 of the Code and applicable Regulations stating the facts, estimates and circumstances in existence on the date of issue and delivery of the Bonds which make it reasonable to expect that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of the Code and the Regulations.

7.03. Arbitrage Rebate. The City Council acknowledges that the Bonds are subject to the rebate requirements of Section 148(f) of the Code and covenants to retain such records, make such determinations, file such reports and documents and pay such amounts at such times as are required under Section 148(f) and applicable Regulations to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes, unless the Bonds qualify for an exception from the rebate requirement pursuant to one of the spending exceptions set forth in Section 1.148-7 of the Regulations and no “gross proceeds” of the Bonds (other than amounts constituting a “bona fide debt service fund”) arise during or after the expenditure of the original proceeds thereof.

7.04. Post-Issuance Compliance Procedures. The City Council hereby adopts the Post-Issuance Tax Compliance Procedures attached to this Resolution as Exhibit A to ensure that the City satisfies and meets all applicable post-issuance requirements of federal income tax law needed to preserve the tax-exempt status of the Bonds. The City reserves the right to use its discretion as necessary and appropriate to make exceptions or request additional provisions as it may determine. The City also reserves the right to change these policies and procedures from time to time, without notice.

7.05. Filing. The officers of the City are hereby authorized and directed to prepare and furnish to the Secretary of the Treasury a statement meeting the information reporting requirements of Section 149(e) of the Internal Revenue Code of 1986, as amended (the “Code”), by the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued.

7.06. Bank Qualified Status. The Bonds are hereby designated qualified tax exempt obligations for purposes of Section 265(b)(3) of the Code.

ARTICLE VIII

CONTINUING DISCLOSURE

8.01. Continuing Disclosure Undertaking. The City Council (a) authorizes and directs the Mayor and the City Administrator to execute and deliver, on the date of the issuance of the Bonds, a continuing disclosure certificate (the “Undertaking”) in such form that satisfies the requirements of Rule 15c2-12 and is acceptable to the Purchaser and bond counsel and (b) covenants that it will comply with and carry out all of the provisions of the Undertaking. A description of this undertaking is set forth in the Official Statement. The Mayor and the City Administrator, or each individually, may appoint a dissemination agent to assist the City with such Undertaking if such officer finds that such appointment is in the best interest of the City.

Notwithstanding any other provisions of this Resolution or the Undertaking, failure of the City to comply with the Undertaking will not be considered a default under this Resolution or the Bonds. However, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this subparagraph and the Undertaking. For purposes of this subparagraph, “Beneficial Owner” means any person who (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (ii) is treated as the owner of any Bonds for federal income tax purposes.

8.02. Post-Issuance Compliance Procedures. The City Council hereby adopts the Post-Issuance Compliance Procedures attached to this Resolution as Exhibit B to ensure that the City satisfies and meets all applicable post-issuance requirements of Rule 15c2-12 and the Undertaking. The City reserves the right to use its discretion as necessary and appropriate to make exceptions or request additional provisions as it may determine. The City also reserves the right to change these policies and procedures from time to time, without notice.

ARTICLE IX

AUTHORIZATION OF OFFICERS

Without in any way limiting the power, authority, or discretion elsewhere herein granted or delegated, the City Council hereby (a) authorizes and directs each officer, employee and agent of the City to carry out, or cause to be carried out, and to perform such obligations of the City and such other actions as they, or any one of them shall consider necessary, advisable, desirable, or appropriate in connection with this Resolution and the issuance, sale, and delivery of the Bonds, including, without limitation and whenever applicable, the execution and delivery thereof and of all other related documents, instruments, certificates, and opinions; and (b) delegates to each such officer, employee and agent the right, power, and authority to exercise her or his own independent judgment and absolute discretion in determining and finalizing the terms, provisions, form and contents of each of the foregoing. The execution and delivery by any such officer, employee or agent of the City of any such documents, instruments, certifications, and opinions, or the doing by them of any act in connection with any of the matters which are the subject of this Resolution, shall constitute conclusive evidence of both the City's and their approval of all changes, modifications, amendments, revisions, and alterations made therein, and shall conclusively establish their absolute, unconditional, and irrevocable authority with respect thereto from the City and the authorization, approval, and ratification by the City of the documents, instruments, certifications, and opinions so executed and the action so taken.

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

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

City Administrator

Mayor

STATE OF MINNESOTA)
)
COUNTY OF COOK) SS.
)
CITY OF GRAND MARAIS)

I, the undersigned, being the duly qualified and acting City Administrator of the City of Grand Marais, Minnesota, hereby certify that I have carefully compared the attached and foregoing extract of minutes of a meeting of the City Council of said City held May 31, 2017, with the original thereof on file and of record in my office and the same is a full, true and complete transcript therefrom insofar as the same relates to the issuance and sale of \$3,575,000 General Obligation Bonds, Series 2017A of said City.

WITNESS My hand officially and the seal of the City this _____ of May 2017.

City Administrator
City of Grand Marais, Minnesota

(Seal)

EXHIBIT A
POST-ISSUANCE TAX COMPLIANCE PROCEDURES

General

In connection with the issuance of the Bonds, the City will execute a federal tax certificate (the “**Tax Certificate**”) that describes the requirements and provisions of the Code that must be followed in order to maintain the tax exempt status of interest on such bonds. In addition, the Tax Certificate will contain the reasonable expectations of the City at the time of issuance of the Bonds with respect to the use of the gross proceeds of such bonds and the assets to be financed or refinanced with the proceeds thereof. These Procedures supplement and support the covenants and representations made by the City in the Tax Certificate related to the Bonds. In order to comply with the covenants and representations set forth in the Bond documents and in the Tax Certificate, the City tracks and monitors the actual use of the proceeds of the Bonds, the investment and expenditure of the Bond proceeds and the assets financed or refinanced with the proceeds of such bonds over their life.

Designation of Responsible Person

The City Administrator of the City shall maintain an inventory of Bonds and assets financed which contains the pertinent data to satisfy the City’s monitoring responsibilities. Any transfer, sale or other disposition of bond-financed assets must be reviewed and approved by the City Administrator of the City.

Post-Issuance Compliance Requirements

External Advisors/Documentation

The City shall consult with bond counsel and other legal counsel and advisors, as needed, throughout the Bond issuance process to identify requirements and to establish procedures necessary or appropriate so that the Bonds will continue to qualify for tax-exempt status. Those requirements and procedures shall be documented in the Tax Certificate and/or other documents finalized at or before issuance of the Bonds. Those requirements and procedures shall include future compliance with applicable arbitrage rebate requirements and all other applicable post-issuance requirements of federal tax law throughout (and in some cases beyond) the term of the Bonds.

The City also shall consult with bond counsel and other legal counsel and advisors, as needed, following issuance of the Bonds to ensure that all applicable post-issuance requirements in fact are met. This shall include, without limitation, consultation in connection with future contracts with respect to the use of Bond-financed or refinanced assets.

The City shall train and employ or otherwise engage expert advisors (a “**Rebate Analyst**”) to assist in the calculation of arbitrage rebate payable in respect of the investment

of Bonds proceeds, unless the Tax Certificate documents that arbitrage rebate will not be applicable to the Bonds.

Unless otherwise provided by the resolution or other authorizing documents relating to the Bonds, unexpended Bond proceeds shall be held in a segregated account by a trustee, and the investment of Bond proceeds shall be managed by the City. The City shall prepare (or cause the trustee to prepare) regular, periodic statements regarding the investments and transactions involving Bond proceeds.

Arbitrage Rebate and Yield

Unless the Tax Certificate documents that arbitrage rebate will not be applicable to the Bonds, the City shall be responsible for:

- engaging the services of a Rebate Analyst and, prior to each rebate calculation date, causing the trustee or other account holder to deliver periodic statements concerning the investment of Bond proceeds to the Rebate Analyst;
- providing to the Rebate Analyst additional documents and information reasonably requested by the Rebate Analyst;
- monitoring efforts of the Rebate Analyst;
- assuring payment of required rebate amounts, if any, no later than 60 days after each 5-year anniversary of the issue date of the Bonds, and no later than 60 days after the last Bond is redeemed;
- during the construction period of each capital project financed in whole or in part by the Bonds, monitoring the investment and expenditure of Bond proceeds and consulting with the Rebate Analyst to determine compliance with any applicable exceptions from the arbitrage rebate requirements during each 6-month spending period up to 6 months, 18 months or 24 months, as applicable, following the issue date of the Bonds; and
- retaining copies of all arbitrage reports and account statements as described below under “Record Keeping Requirements”.

The City, in the Tax Certificate and/or other documents finalized at or before the issuance of the Bonds, has agreed to undertake the tasks listed above (unless the Tax Certificate documents that arbitrage rebate will not be applicable to an issue of the Bonds).

Use of Bond Proceeds and Bond-Financed or Refinanced Assets:

The City shall be responsible for:

- monitoring the use of Bond proceeds and the use of Bond-financed or refinanced assets (*e.g.*, facilities, furnishings or equipment) throughout the term of the bonds to ensure compliance with covenants and restrictions set forth in the Tax Certificate;
- maintaining records identifying the assets or portion of assets that are financed or refinanced with proceeds of the bonds, including a final allocation of Bond proceeds as described below under “Record Keeping Requirements”;
- consulting with bond counsel and other legal counsel and advisers in the review of any contracts or arrangements involving use of Bond-financed or refinanced assets to ensure compliance with all covenants and restrictions set forth in the Tax Certificate;
- maintaining records for any contracts or arrangements involving the use of Bond-financed or refinanced assets as described below under “Record Keeping Requirements”;
- conferring at least annually with personnel responsible for Bond-financed or refinanced assets to identify and discuss any existing or planned use of Bond-financed or refinanced assets, to ensure that those uses are consistent with all covenants and restrictions set forth in the Tax Certificate; and
- to the extent that the City discovers that any applicable tax restrictions regarding use of Bond proceeds and bond-financed or refinanced assets will or may be violated, consulting promptly with Bond counsel and other legal counsel and advisers to determine a course of action to remediate all nonqualified bonds, if such counsel advises that a remedial action is necessary.

The City, in the Tax Certificate and/or other documents finalized at or before the issuance of the Bonds, has agreed to undertake the tasks listed above.

All relevant records and contracts shall be maintained as described below.

Record Keeping Requirement

The City shall be responsible for maintaining the following documents for the term of the Bonds (including refunding bonds, if any) plus at least three years:

- a copy of the Bond closing transcript(s) and other relevant documentation delivered to the City at or in connection with closing of the issue of the Bonds, including any elections made by the City in connection therewith;
- a copy of all material documents relating to capital expenditures financed or refinanced by Bond proceeds, including (without limitation) construction contracts, purchase orders, invoices, trustee requisitions and payment records, draw requests for

Bond proceeds and evidence as to the amount and date for each draw down of Bond proceeds, as well as documents relating to costs paid or reimbursed with Bond proceeds and records identifying the assets or portion of assets that are financed or refinanced with Bond proceeds, including a final allocation of Bond proceeds;

- a copy of all contracts and arrangements involving the use of Bond-financed or refinanced assets;
- copies of all trustee statements and reports, including arbitrage reports, prepared with respect to City bonds; and
- a copy of all records of investments, investment agreements, arbitrage reports and underlying documents, including trustee statements, in connection with any investment agreements, and copies of all bidding documents, if any.

EXHIBIT B

POST-ISSUANCE CONTINUING DISCLOSURE COMPLIANCE PROCEDURES

Purpose of Disclosure Policies and Procedures

The issuance and sale of certain municipal bonds, notes, certificates of participation or other obligations (collectively, “**Obligations**”) are subject to certain federal and state securities laws, including Rule 15c2-12 (the “**Rule**”) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). The Rule requires that an underwriter, prior to purchasing or selling an issue of Obligations in a principal amount over \$1,000,000, obtain a written agreement from the issuer of such Obligations to provide certain financial information or operating data on an annual basis and notices of the occurrence of certain enumerated events with the Municipal Securities Rulemaking Board (“**MSRB**”) using the MSRB’s Electronic Municipal Market Access system (“**EMMA**”).

The City of Grand Marais, Cook County, State of Minnesota (the “**City**”) has previously issued or may in the future issue Obligations subject to the Rule, and in connection with such issuances the City has entered and/or will enter into one or more Continuing Disclosure Certificates or Continuing Disclosure Undertakings (collectively, the “**Undertakings**”) in accordance with the Rule. Pursuant to such Undertakings, the City has covenanted or will covenant to comply with the Rule by timely making the required filings. These Policies and Procedures are intended to assure that all filings required under the Rule are made timely and completely and meet all requirements of the Rule.

Designation of City Representative; Maintenance of List and Files

The “City Representative” for the City shall be the City Administrator of the City and any alternate or assistant as the City Administrator of the City shall appoint. The City Representative is directed to employ the policies and procedures described herein. The City Representative shall be knowledgeable and familiar with the provisions of each Undertaking as to the type, format and content of the financial information or operating data to be included in each Annual Report required to be made thereunder, the instances in which notice of the occurrence of certain events must be given, and the timing requirements for the filing thereof. The City and the City Representative recognize and acknowledge that the terms, requirements and filing deadlines may vary by Undertaking.

The City Representative shall maintain a current list for each fiscal year identifying each issue of Obligations of the City outstanding during such fiscal year setting forth the name, original principal amount, date of issuance and CUSIP numbers for each such issue and the dates by which the Annual Reports are required to be submitted to the MSRB using EMMA, such list to be accompanied by copies of the related Undertakings.

Dissemination Agents

The City and the City Representative may utilize the services of a financial

institution or other provider to act as dissemination agent (each, a “**Dissemination Agent**”) in filing the disclosures and notices described herein and performing the duties of the Dissemination Agent in accordance with the terms of the applicable Undertaking. The Dissemination Agent shall review and be familiar with the contents and filing requirements of the particular Undertaking and with the procedures for making the filings required under such Undertaking with the MSRB using the EMMA system. The City Representative shall coordinate the preparation and submission of the required information with such Dissemination Agent to ensure full compliance with the requirements of the Rule and the applicable Undertakings.

Annual Financial Filings

The City Representative will review the Undertaking related to each outstanding issue of Obligations to determine the financial information required to be included in the Annual Report (i.e., the City’s audited financial statements and certain other financial information or operating data with respect to the City, if applicable (the “**Annual Report**”)) required to be filed annually with the MSRB using the EMMA system, and the deadline by which such information must be filed. Unless required otherwise by an Undertaking and as permitted by EMMA filing procedures, the City Representative may file identical Annual Reports with respect to each issue of the City’s Obligations. The City Representative shall be knowledgeable and familiar with the specific requirements for the filing of a Notice of Failure to File the Annual Report by the date(s) required under the terms of each Undertaking, if applicable.

The City Representative shall timely initiate the process of preparing the financial information or operating data required to be submitted under each Undertaking as part of the Annual Report. The City Representative shall assemble the information as soon as it becomes available and determine the scope of additional information to be required and also contact the auditors to establish a schedule for completion and submission for the Audited Financial Statements.

The City Representative will timely file the Annual Report, or will cause the Dissemination Agent to file the Annual Report, with the MSRB using the EMMA system. If the Audited Financial Statements are not then available, unaudited financial information may be filed with the MSRB using EMMA and the Audited Financial Statements shall be filed within 10 business days of their receipt and acceptance.

Listed Event Filings

The City Representative will review the Undertaking related to each outstanding issue of Obligations for the listed events which, upon the occurrence thereof, require prompt notices to be filed with the MSRB using the EMMA system. The City Representative will monitor the Obligations and the City’s operations for occurrences of any such events and will actively evaluate whether an event may be a listed event as set forth in the City’s outstanding Undertakings. After obtaining actual knowledge of such an event, the City Representative will promptly contact the City’s bond counsel and the Dissemination Agent, if any, to determine whether the City must file notice of the event with the MSRB

under one or more of its Undertakings. Upon a determination that the City must file such notice, the City Representative will file the appropriate notice, or will cause the Dissemination Agent to file such notice, with the MSRB using the EMMA system within ten (10) business days after the occurrence of the listed event or as the City's bond counsel may otherwise direct.

Reports of City Representative; Record Retention

The City Representative shall provide to the City Council of the City, any Dissemination Agent and the underwriter of each issue of Obligations confirmation from EMMA received upon the filing of each Annual Report and any other filings made with the MSRB using the EMMA system promptly upon receipt of each such confirmation.

The City Representative shall maintain records with respect to the filings with the MSRB using EMMA, including, but not limited to, EMMA posting receipts showing the dates and nature or contents of all filings for each issue of Obligations outstanding during each fiscal year. Such records shall be kept for at least 5 years after the respective issue of Obligations is no longer outstanding.

Familiarity with EMMA Submission Process

The City Representative shall register with EMMA and review the on-line process of filing with EMMA located at www.emma.msrb.org in order to submit the required information. The MSRB market Information Department can also be contacted at 703.797.6668. A tutorial is available at the website and a practice submission is available as well. The City Representative also shall enroll the City in EMMA's reminder system to ensure timely performance of its responsibilities and obligations.

Notwithstanding the foregoing, if the City has retained a Dissemination Agent to assist with making the filings required by the City's Undertakings and to remind the City of its filing deadlines, the City Representative need not register with EMMA or enroll in EMMA's reminder system.

Training

To ensure adequate resources to comply with the Rule, the City Representative shall develop a training process aimed at providing additional assistance in preparing required information. The training process shall be conducted at least annually and shall encompass a review of the EMMA submission process and an understanding of the timing requirements necessary for full compliance. The retention by the City of a Dissemination Agent to assist it with compliance under its Undertakings and the Rule may be deemed part of such training process.

Review of Offering Document in Connection with Primary Offerings

In connection with a new issue of Obligations, the City Representative, together with such City officials as the City Representative deems appropriate, shall promptly review upon receipt the offering document by which such Obligations shall be offered and sold. For any issue of Obligations subject to the Rule, prior to the distribution of the related offering document the City shall deem the information concerning the City in such offering document as accurate and complete in all material respects (except for such information as permitted to be omitted by the Rule) as of the date of such offering document. The City shall confirm prior to the final pricing of the Obligations that the information concerning the City in the offering document does not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.