

Via Teleconference
7:00 P.M. October 20, 2020

Regular Meeting

Roll Call

Councilors Present: Carlson, Lamb, Swanson, Kolodge, Langley, Wilkinson, Mayor Maki

Councilors Absent: None

Pledge of Allegiance

AGENDA

MOTION: Councilor Swanson moved and Councilor Lamb seconded the motion to approve the October 20, 2020 agenda as presented. The motion carried unanimously (7-0).

MINUTES

MOTION: Councilor Kolodge moved and Councilor Swanson seconded the motion to approve the minutes of the Regular Meeting of October 6, 2020 as presented. The motion carried unanimously (7-0).

PUBLIC COMMENTS

A Doddridge Avenue resident commented on the 14th Street improvement encouraging the Council and city staff to consider checking compaction and basic roadway material before construction.

CONSENT AGENDA

MOTION: Councilor Wilkinson moved and Councilor Swanson seconded the motion to adopt the Consent Agenda of October 20, 2020, approving the necessary motions and resolutions. The motion carried unanimously (7-0).

- a. Resolution No. 20-73, Authorizing the Payment of Bills
- b. Setting Municipal General Election Canvass Meeting
- c. Consideration of HRA Board Reappointment – Harris
- d. Consideration of CAFD Board Reappointment - DeCaigny

PUBLIC HEARINGS

14th Street Utility Improvement

City Administrator Peterson announced now is the time and place for the continuation of the public hearing on the proposed 14th Street utility reconstruction project.

Public Works Director Caleb Peterson introduced the 2 resolutions put before the Council tonight stating that Resolution 20-71 is the city portion of the project replacing the city owned sanitary sewer and watermain along the corridor. Resolution No. 20-72 is giving the county permission to go out for bid to do roadwork within the city limits.

MOTION: Councilor Kolodge moved and Councilor Lamb seconded the motion to open the public hearing on the proposed 14th Street utility reconstruction project. The motion carried unanimously (7-0). The time is 7:09 p.m.

City Administrator Peterson read an email from Bob Atkins of Atkins Funeral Home, regarding his concern for the high assessment the funeral home will have to pay for this project.

MOTION: After hearing no further public comment, Councilor Lamb moved and Councilor Wilkinson seconded the motion to close the public hearing. The motion carried unanimously (7-0). The time is 7:11 p.m.

MOTION: Councilor Wilkinson moved and Councilor Kolodge seconded the motion to adopt **RESOLUTION NO. 20-71, ORDERING THE IMPROVEMENT ON THE PROPOSED 2021-2022 IMPROVEMENT OF 14TH STREET FROM CLOQUET AVENUE TO TALL PINE LANE.** The motion carried unanimously (7-0).

WHEREAS, The City has completed a feasibility study to reconstruct City sanitary sewer and water in 14th Street from Cloquet Avenue to Tall Pine Lane

WHEREAS, As part of the project the City Engineer has identified a need to replace aging and deteriorated sanitary sewers, and water utilities; and

WHEREAS, A resolution of the Council adopted September 1, 2020, set a date for a Council hearing on the proposed improvement; and

WHEREAS, Ten days mailed notice and two weeks published notice of the hearing was given and the hearing was held thereon on the 6th of October 2020, at which time all persons desiring to be heard were given an opportunity to be heard.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA:

1. Such improvement is necessary, cost effective, and feasible as detailed in the City's feasibility study.
2. The City Engineer is hereby designated as the engineer for this improvement and shall prepare plans and specifications for the making of such improvement.
3. Such improvement is hereby ordered, and the City Engineer is hereby authorized to solicit bids for construction.

MOTION: Councilor Wilkinson moved and Councilor Lamb seconded the motion to adopt **RESOLUTION NO. 20-72, APPROVING FINAL LAYOUT FOR STATE AID PROJECT NO. 009-603-036 ON COUNTY STATE AID HIGHWAY 3 (14TH STREET)**. The motion carried unanimously (7-0).

WHEREAS, the Carlton County Engineer has prepared a final layout for State Aid Project No 009-603-036 on C.S.A.H. 3,(14th Street) from Cloquet Avenue to Tall Pine Lane within the City of Cloquet for Roadway, drainage structures and shared use path improvements; and seeks the approval thereof, as described in Minnesota Statutes 162.02 subd 8 and

WHEREAS, As part of the project the City Engineer has identified a need to replace City owned sanitary sewer and watermain along the corridor; and

WHEREAS Carlton County and the City of Cloquet previously entered into an agreement for reconstruction of said improvements; and

WHEREAS, said final layout is on file in the Carlton County Engineer's office, being marked as S.A.P. 009-603-036

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA:

that said final layout for the improvement of said C.S.A.H. 3 (14th Street) within the corporate limits of the City of Cloquet is hereby approved.

Proposed Bituminous Paving of Jolicouer Trail First Addition

City Administrator announced now is the time and place for the public hearing on the proposed bituminous paving of Jolicouer Trails First Addition.

Assistant Public Works Director John Anderson provided a brief overview of the project, petition from residents in the area, project funding and assessments, and available options identified by staff.

MOTION: Councilor Kolodge moved and Councilor Lamb seconded the motion to open the public hearing on the proposed bituminous paving of Jolicouer Trails First Addition. The motion carried unanimously (7-0). The time is 7:25 p.m.

- Tim Melby – 1437 Blue Spruce Lane, expressed his support the project stating that paving will increase value of the lots and help them sell. It will also save maintenance costs with grading and additional class 5 brought in.
- Rob Zappia – 1552 White Pine Trail, does not support the project. Mr. Zappia stated neither he or his wife were contacted when the petition was presented to the residents on June 13th and has concerns over the assessment as he is on a corner and has already been assessed for the paving of White Pine Trail. The developer has the most to gain from this project and should absorb the cost of the assessment for the corner lots on White Pine Trails. Also questioned the future utilities that could possibly cause the road to be torn up.

John Anderson clarified that the request is just for paving. Adding utilities were not part of it, private utilities such as fiber optics would not be included.

- Loren Lilly, 1434 Green Ash Lane, does not support paving stating the taxes already high his property has been burglarized 3 times, paving may make the area more inviting for crime.
- Tom Christianson, 1580 White Pine Trail stated he was never contacted about the petition. He

agrees with improving the neighborhood with blacktopping, but any permanent infrastructure would disturb the wetlands. He is not in favor of assisting a developer by taxing the people of Cloquet.

MOTION: After hearing no public comments, Councilor Lamb moved and Councilor Swanson seconded the motion to close the public hearing. The motion carried unanimously (7-0). The time is 7:37

City Administrator Peterson commented that some work needs to be done to address drainage, culverts, etc. Engineering staff has identified a doable project that will improve the area based on immediate needs and will fit into our budget and staff time. The other options include unfunded large projects that the city would need to bond for. Engineering staff and Council have put together a CIP list based on pavement and utility quality; this project does not come to the top of the priority list. City Administrator Peterson does not suggest moving forward with the option of moving forward to address the immediate needs.

Councilor Kolodge commented that doing nothing is not an option, however we cannot afford to do this project but needs to be discussed at some point. At some point Council will have to discuss this project but stick to the CIP for now.

MOTION: Councilor Wilkinson moved and Councilor Lamb seconded the motion to direct staff to approve option #1, utilize city maintenance staff and equipment to perform minimal ditch grading in preparation for paving. The motion passed unanimously (7-0).

PRESENTATIONS

There were none.

APPOINTMENT OF POLICE OFFICERS

MOTION: Councilor Lamb moved and Councilor Wilkinson seconded the motion to approve the probationary appointments of Trevor Kaldor effective October 20, 2020 and Elijah Haglund effective October 21, 2020 to the position of police officers. The motion carried unanimously (7-0).

GENERAL OBLIGATION WATER AND SEWER REVENUE BONDS, SERIES 2020A

MOTION: Councilor Kolodge moved and Councilor Swanson seconded the motion to adopt **RESOLUTION NO. 20-69, A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF \$1,860,000 GENERAL OBLIGATION WATER AND SEWER REVENUE BONDS, SERIES 2020A.** The motion carried unanimously (7-0).

A. WHEREAS, the City of Cloquet, Minnesota (the "City"), owns and operates a municipal water system (the "Water System"), a sanitary sewer system (the "Sewer System") and a storm sewer system (the "Storm Sewer System", and together with the Water System and the Sanitary Sewer System, the "System") as separate revenue producing public utilities; and

B. WHEREAS, the net revenues of the Water System are pledged to the payment of the City's outstanding (i) \$1,783,768 original principal amount of General Obligation Water Revenue Note of 2002, dated October 8, 2002 (the "Outstanding 2002 Water Note") and (ii) \$7,582,911 original principal amount of General Obligation Water Revenue Note of 2018, dated August 9, 2018 (the "Outstanding 2018 Water Note", and together with the Outstanding 2002 Water Note, the "Outstanding Water Notes"); and

C. WHEREAS, there are no obligations of the City which constitute a prior lien upon the net revenues of the Sewer System; and

D. WHEREAS, there are no obligations of the City which constitute a prior lien upon the net revenues of the Storm Water System; and

E. WHEREAS, the City Council of the City of Cloquet has heretofore determined and declared that it is necessary and expedient to issue \$1,860,000 General Obligation Water and Sewer Revenue Bonds, Series 2020A (the "Bonds" or individually, a "Bond"), pursuant to Minnesota Statutes, Chapter 475 and Section 444.075, to finance improvements to the System (the "Project"); and

F. WHEREAS, the City has retained Ehlers & Associates, Inc., in Roseville, Minnesota ("Ehlers"), as its independent municipal advisor for the sale of the Bonds and was therefore authorized to sell the Bonds by private negotiation in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9) and proposals to purchase the Bonds have been solicited by Ehlers; and

G. WHEREAS, the proposals set forth on Exhibit A attached hereto were received by the Finance Director, or designee, at the offices of Ehlers at 9:30 A.M., this same day pursuant to the Preliminary Official Statement for the Bonds dated October 8, 2020; and

H. WHEREAS, it is in the best interests of the City that the Bonds be issued in book-entry form as hereinafter provided; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Cloquet, Minnesota, as follows:

1. Acceptance of Proposal. The proposal of _____ (the "Purchaser"), to purchase the Bonds in accordance with the Preliminary Official Statement established for the Bonds, at the rates of interest hereinafter set forth, and to pay therefor the sum of \$_____, plus interest accrued to settlement, is hereby found, determined and declared to be the most favorable proposal received, is hereby accepted and the Bonds are hereby awarded to the Purchaser. The Finance Director is directed to retain the deposit of the purchaser and to forthwith return to the unsuccessful bidders their good faith checks or drafts.

2. Bond Terms.

(a) Original Issue Date; Denominations; Maturities; Term Bond Option. The Bonds shall be dated November 5, 2020, as the date of original issue, be issued forthwith on or after such date in fully registered form, be numbered from R-1 upward in the denomination of \$5,000 each or in any integral multiple thereof of a single maturity (the "Authorized Denominations"), and shall mature on February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2022	\$	2032	\$
2023		2033	
2024		2034	
2025		2035	
2026		2036	
2027		2037	
2028		2038	
2029		2039	
2030		2040	
2031		2041	

As may be requested by the Purchaser, one or more term Bonds may be issued having mandatory sinking fund redemption and final maturity amounts conforming to the foregoing principal repayment schedule, and corresponding additions may be made to the provisions of the applicable Bond(s).

(b) Book Entry Only System. The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York or any of its successors or its successors to its functions hereunder (the "Depository") will act as securities depository for the Bonds, and to this end:

- (i) The Bonds shall be initially issued and, so long as they remain in book entry form only (the "Book Entry Only Period"), shall at all times be in the form of a separate single fully registered Bond for each maturity of the Bonds; and for purposes of complying with this requirement under paragraphs 5 and 10 Authorized Denominations for any Bond shall be deemed to be limited during the Book Entry Only Period to the outstanding principal amount of that Bond.
- (ii) Upon initial issuance, ownership of the Bonds shall be registered in a bond register maintained by the Bond Registrar (as hereinafter defined) in the name of CEDE & CO, as the nominee (it or any nominee of the existing or a successor Depository, the "Nominee").
- (iii) With respect to the Bonds neither the City nor the Bond Registrar shall have any responsibility or obligation to any broker, dealer, bank, or any other financial institution for which the Depository holds Bonds as securities depository (the "Participant") or the person for which a Participant holds an interest in the Bonds shown on the books and records of the Participant (the "Beneficial Owner"). Without limiting the immediately preceding sentence, neither the City, nor the Bond Registrar, shall have any such responsibility or obligation with respect to (A) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in the Bonds, or (B) the delivery to any Participant, any Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any notice of redemption, or (C) the payment to any Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the principal of or premium, if any, or interest on the Bonds, or (D) the consent given or other action taken by the Depository as the Registered Holder of any Bonds (the "Holder"). For purposes of securing the vote or consent of any Holder under this Resolution, the City may, however,

rely upon an omnibus proxy under which the Depository assigns its consenting or voting rights to certain Participants to whose accounts the Bonds are credited on the record date identified in a listing attached to the omnibus proxy.

- (iv) The City and the Bond Registrar may treat as and deem the Depository to be the absolute owner of the Bonds for the purpose of payment of the principal of and premium, if any, and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to the Bonds, for the purpose of obtaining any consent or other action to be taken by Holders for the purpose of registering transfers with respect to such Bonds, and for all purpose whatsoever. The Bond Registrar, as paying agent hereunder, shall pay all principal of and premium, if any, and interest on the Bonds only to the Holder or the Holders of the Bonds as shown on the bond register, 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 premium, if any, and interest on the Bonds to the extent of the sum or sums so paid.
 - (v) Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new Nominee in place of the existing Nominee, and subject to the transfer provisions in paragraph 10, references to the Nominee hereunder shall refer to such new Nominee.
 - (vi) So long as any Bond is registered in the name of a Nominee, all payments with respect to the principal of and premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, by the Bond Registrar or City, as the case may be, to the Depository as provided in the Letter of Representations to the Depository required by the Depository as a condition to its acting as book-entry Depository for the Bonds (said Letter of Representations, together with any replacement thereof or amendment or substitute thereto, including any standard procedures or policies referenced therein or applicable thereto respecting the procedures and other matters relating to the Depository's role as book-entry Depository for the Bonds, collectively hereinafter referred to as the "Letter of Representations").
 - (vii) All transfers of beneficial ownership interests in each Bond issued in book-entry form shall be limited in principal amount to Authorized Denominations and shall be effected by procedures by the Depository with the Participants for recording and transferring the ownership of beneficial interests in such Bonds.
 - (viii) In connection with any notice or other communication to be provided to the Holders pursuant to this Resolution by the City or Bond Registrar with respect to any consent or other action to be taken by Holders, the Depository shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action; provided, that the City or the Bond Registrar may establish a special record date for such consent or other action. The City or the Bond Registrar shall, to the extent possible, give the Depository notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.
 - (ix) Any successor Bond Registrar in its written acceptance of its duties under this Resolution and any paying agency/bond registrar agreement, shall agree to take any actions necessary from time to time to comply with the requirements of the Letter of Representations.
- (c) Termination of Book-Entry Only System. Discontinuance of a particular Depository's services and termination of the book-entry only system may be effected as follows:
- (i) The Depository may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the City and discharging its responsibilities with respect thereto under applicable law. The City may terminate the services of the Depository with respect to the Bond if it determines that the Depository is no longer able to carry out its functions as securities depository or the continuation of the system of book-entry transfers through the Depository is not in the best interests of the City or the Beneficial Owners.
 - (ii) Upon termination of the services of the Depository as provided in the preceding paragraph, and if no substitute securities depository is willing to undertake the functions of the Depository hereunder can be found which, in the opinion of the City, is willing and able to assume such functions upon reasonable or customary terms, or if the City determines that it is in the best interests of the City or the Beneficial Owners of the Bond that the Beneficial Owners be able to obtain certificates for the Bonds, the Bonds shall no longer be registered as being registered in the bond register in the name of the Nominee, but may be registered in whatever name or names the Holder of the Bonds shall designate at that time, in accordance with paragraph 10. To the extent that the Beneficial Owners are designated as the transferee by the Holders, in accordance with paragraph 10, the Bonds will be delivered to the Beneficial Owners.

(iii) Nothing in this subparagraph (c) shall limit or restrict the provisions of paragraph 10.

(d) Letter of Representations. The provisions in the Letter of Representations are incorporated herein by reference and made a part of the resolution, and if and to the extent any such provisions are inconsistent with the other provisions of this resolution, the provisions in the Letter of Representations shall control.

3. Purpose. The Bonds shall provide funds to finance the Project. The total cost of the Project, which shall include all costs enumerated in Minnesota Statutes, Section 475.65, is estimated to be at least equal to the amount of the Bonds. Work on the Project shall proceed with due diligence to completion. The City covenants that it shall do all things and perform all acts required of it to assure that work on the Project proceeds with due diligence to completion and that any and all permits and studies required under law for the Project are obtained.

4. Interest. The Bonds shall bear interest payable semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing August 1, 2021, calculated on the basis of a 360-day year of twelve 30-day months, at the respective rates per annum set forth opposite the maturity years as follows:

<u>Maturity Year</u>	<u>Interest Rate</u>	<u>Maturity Year</u>	<u>Interest Rate</u>
2022	%	2032	%
2023		2033	
2024		2034	
2025		2035	
2026		2036	
2027		2037	
2028		2038	
2029		2039	
2030		2040	
2031		2041	

5. Redemption. All Bonds maturing February 1, 2031, and thereafter, shall be subject to redemption and prepayment at the option of the City on February 1, 2030, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the City; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected registered holder of the Bonds not more than sixty (60) days and not fewer than thirty (30) days prior to the date fixed for redemption

To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar prior to giving notice of redemption shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers so assigned to such Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the City or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the City and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the City shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds of the same series having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

6. Bond Registrar. Bond Trust Services Corporation, in Roseville, Minnesota, is appointed to act as bond registrar and transfer agent with respect to the Bonds (the "Bond Registrar"), and shall do so unless and until a successor Bond Registrar is duly appointed, all pursuant to any contract the City and Bond Registrar shall execute which is consistent herewith. The Bond Registrar shall also serve as paying agent unless and until a successor paying agent is duly appointed. Principal and interest on the Bonds shall be paid to the registered holders (or record holders) of the Bonds in the manner set forth in the form of Bond and paragraph 12.

7. Form of Bond. The Bonds, together with the Bond Registrar's Certificate of Authentication, the form of Assignment and the registration information thereon, shall be in substantially the following form:

UNITED STATES OF AMERICA
 STATE OF MINNESOTA
 CARLTON COUNTY
 CITY OF CLOQUET

MINNESOTA CREDIT ENHANCEMENT PROGRAM

R-_____ \$_____

GENERAL OBLIGATION BOND, SERIES 2020B

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
_____%	February 1, ____	November 5, 2020	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

THE CITY OF CLOQUET, CARLTON COUNTY, MINNESOTA (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns, unless called for earlier redemption, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing August 1, 2021, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of original issue hereof. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the office of Bond Trust Services Corporation, in Roseville, Minnesota (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Bond will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered (the "Holder" or "Bondholder") on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to Bondholders not less than ten days prior to the Special Record Date. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America. So long as this Bond is registered in the name of the Depository or its Nominee as provided in the Resolution hereinafter described, and as those terms are defined therein, payment of principal of, premium, if any, and interest on this Bond and notice with respect thereto shall be made as provided in the Letter of Representations, as defined in the Resolution, and surrender of this Bond shall not be required for payment of the redemption price upon a partial redemption of this Bond. Until termination of the book-entry only system pursuant to the Resolution, Bonds may only be registered in the name of the Depository or its Nominee.

Optional Redemption. The Bonds of this issue (the "Bonds") maturing February 1, 2031, and thereafter, are subject to redemption and prepayment at the option of the Issuer on February 1, 2030, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the Issuer; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected registered holder of the Bonds not more than sixty (60) days and not fewer than thirty (30) days prior to the date fixed for redemption.

Prior to the date on which any Bond or Bonds are directed by the Issuer to be redeemed in advance of maturity, the Issuer will cause notice of the call thereof for redemption identifying the Bonds to be redeemed to be mailed to the Bond Registrar and all Bondholders, at the addresses shown on the Bond Register. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption have been duly deposited.

Selection of Bonds for Redemption; Partial Redemption. To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to the Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of the Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond

Registrar (with, if the Issuer or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the Issuer and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the Issuer shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of the Bond, without service charge, a new Bond or Bonds of the same series having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of \$1,860,000, all of like date of original issue and tenor, except as to number, maturity, interest rate, denomination and redemption privilege, which Bond has been issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota and pursuant to a resolution adopted by the City Council of the Issuer on October 20, 2020 (the "Resolution"), for the purpose of providing money to finance improvements to the water, sanitary sewer and storm sewer systems (collectively, the "System") within the jurisdiction of the Issuer. This Bond is payable out of the General Obligation Water and Sewer Revenue Bonds, Series 2020A Fund of the Issuer. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Denominations; Exchange; Resolution. The Bonds are issuable solely in fully registered form in Authorized Denominations (as defined in the Resolution) and are exchangeable for fully registered Bonds of other Authorized Denominations in equal aggregate principal amounts at the principal office of the Bond Registrar, but only in the manner and subject to the limitations provided in the Resolution. Reference is hereby made to the Resolution for a description of the rights and duties of the Bond Registrar. Copies of the Resolution are on file in the principal office of the Bond Registrar.

Transfer. This Bond is transferable by the Holder in person or by the Holder's attorney duly authorized in writing at the principal office of the Bond Registrar upon presentation and surrender hereof to the Bond Registrar, all subject to the terms and conditions provided in the Resolution and to reasonable regulations of the Issuer contained in any agreement with the Bond Registrar. Thereupon the Issuer 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 (but not registered in blank or to "bearer" or similar designation), of an Authorized Denomination or Denominations, in aggregate principal amount equal to the principal amount of this Bond, of the same maturity and bearing interest at the same rate.

Fees upon Transfer or Loss. The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of this Bond and any legal or unusual costs regarding transfers and lost Bonds.

Treatment of Registered Owners. The Issuer and Bond Registrar may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except as otherwise provided herein with respect to the Record Date) and for all other purposes, whether or not this Bond shall be overdue, and neither the Issuer nor the Bond Registrar shall be affected by notice to the contrary.

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security unless the Certificate of Authentication hereon shall have been executed by the Bond Registrar.

Qualified Tax-Exempt Obligation. This Bond has been designated by the Issuer as "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

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; that the Issuer has covenanted and agreed with the Holders of the Bonds that it will impose and collect charges for the service, use and availability of the System at the times and in amounts necessary to produce net revenues, together with other sums pledged to the payment of the Bonds, adequate to pay all principal and interest when due on the Bonds; and that the Issuer will levy a direct, annual, irrevocable ad valorem tax upon all of the taxable property of the Issuer, without limitation as to rate or amount, for the years and in amounts sufficient to pay the principal and interest on the Bonds of this issue as they respectively become due, if the net revenues from the System, and any other sums irrevocably appropriated to the Debt Service Account are insufficient therefor; and that this Bond, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Cloquet, Carlton County, Minnesota, by its City Council has caused this Bond to be executed on its behalf by the facsimile signatures of its Mayor and its City Administrator, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration: _____ Registrable by: BOND TRUST SERVICES CORPORATION

Payable at: BOND TRUST SERVICES CORPORATION

BOND REGISTRAR'S CERTIFICATE OF AUTHENTICATION

CITY OF CLOQUET, CARLTON COUNTY, MINNESOTA

This Bond is one of the Bonds described in the Resolution mentioned within.

/s/ Facsimile _____ Mayor

BOND TRUST SERVICES CORPORATION Roseville, Minnesota Bond Registrar

/s/ Facsimile _____ City Administrator

By: _____ Authorized Signature

ABBREVIATIONS

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

- TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not as tenants in common
UTMA - _____ as custodian for _____ (Cust) (Minor) under the _____ Uniform Transfers to Minors Act (State)

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

ASSIGNMENT

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

Dated: _____

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

Signature Guaranteed: _____

Signature(s) must be guaranteed by a national bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges or any other "Eligible Guarantor Institution" as defined in 17 CFR 240.17 Ad-15(a)(2).

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

Name and Address: _____

(Include information for all joint owners if the Bond is held by joint account.)

8. Execution. The Bonds shall be in typewritten form, shall be executed on behalf of the City by the signatures of its Mayor and Administrator and be sealed with the seal of the City; provided, as permitted by law, both signatures may be photocopied facsimiles and the corporate seal has been omitted. In the event of disability or resignation or other absence of either officer, the Bonds may be signed by the manual or facsimile signature of the officer who may act on behalf of the absent or disabled officer. In case either officer whose signature or facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, the signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery.

9. Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this resolution unless a Certificate of Authentication on the Bond, substantially in the form hereinabove set forth, shall have been duly executed by an authorized representative of the Bond Registrar. Certificates of Authentication on different Bonds need not be signed by the same person. The Bond Registrar shall authenticate the signatures of officers of the City on each Bond by execution of the Certificate of Authentication on the Bond and by inserting as the date of registration in the space provided the date on which the Bond is authenticated, except that for purposes of delivering the original Bonds to the Purchaser, the Bond Registrar shall insert as a date of registration the date of original issue of November 5, 2020. The Certificate of Authentication so executed on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

10. Registration; Transfer; Exchange. The City will cause to be kept at the office of the Bond Registrar a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the Bond Registrar shall provide for the registration of Bonds and the registration of transfers of Bonds entitled to be registered or transferred as herein provided.

Upon surrender for transfer of any Bond at the principal office of the Bond Registrar, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration (as provided in paragraph 9) of, and deliver, in the name of the designated transferee or transferees, one or more new Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount, having the same stated maturity and interest rate, as requested by the transferor; provided, however, that no Bond may be registered in blank or in the name of "bearer" or similar designation.

At the option of the Holder, Bonds may be exchanged for Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount and stated maturity, upon surrender of the Bonds to be exchanged at the principal office of the Bond Registrar. Whenever any Bonds are so surrendered for exchange, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration of, and deliver the Bonds which the Holder making the exchange is entitled to receive.

All Bonds surrendered upon any exchange or transfer provided for in this resolution shall be promptly canceled by the Bond Registrar and thereafter disposed of as directed by the City.

All Bonds delivered in exchange for or upon transfer of Bonds shall be valid general obligations of the City evidencing the same debt, and entitled to the same benefits under this resolution, as the Bonds surrendered for such exchange or transfer.

Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the Bond Registrar, duly executed by the Holder thereof or the Holder's attorney duly authorized in writing

The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of any Bond and any legal or unusual costs regarding transfers and lost Bonds.

Transfers shall also be subject to reasonable regulations of the City contained in any agreement with the Bond Registrar, including regulations which permit the Bond Registrar to close its transfer books between record dates and payment dates. The City Administrator is hereby authorized to negotiate and execute the terms of said agreement.

11. Rights Upon Transfer or Exchange. Each Bond delivered upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

12. Interest Payment; Record Date. Interest on any Bond shall be paid on each Interest Payment Date by check or draft mailed to the person in whose name the Bond is registered (the "Holder") on the registration books of the City maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten days prior to the Special Record Date.

13. Treatment of Registered Owner. The City and 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 premium, if any, and interest (subject to the payment provisions in paragraph 12) on, such Bond and for all other purposes whatsoever whether or not such Bond shall be overdue, and neither the City nor the Bond Registrar shall be affected by notice to the contrary.

14. Delivery; Application of Proceeds. The Bonds when so prepared and executed shall be delivered by the Finance Director to the Purchaser upon receipt of the purchase price, and the Purchaser shall not be obliged to see to the proper application thereof.

15. Fund and Accounts. For the convenience and proper administration of the moneys to be borrowed and repaid on the Bonds, and to make adequate and specific security to the Purchaser and holders from time to time of the Bonds, there is hereby created a special fund to be designated the "General Obligation Water and Sewer Revenue Bonds, Series 2020A Fund" (the "Fund") to be administered and maintained by the Finance Director as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Fund shall be maintained in the manner herein specified until all of the Bonds herein authorized and the interest thereon shall have been fully paid. The Operation and Maintenance Account for the Water System, the Operation and Maintenance Account for the Sewer System and the Operation and Maintenance for the Storm Sewer System (together, the "Operation and Maintenance Accounts") heretofore established by the City shall continue to be maintained in the manner heretofore and herein provided by the City. All moneys remaining after paying or providing for the items set forth in the resolutions establishing the Operation and Maintenance Accounts shall constitute and are referred to as "net revenues" until the Bonds have been paid. There shall be maintained in the Fund the following separate accounts to which shall be credited and debited all net revenues of the System as hereinafter set forth. The Finance Director and all officials and employees concerned therewith shall establish and maintain financial records of the receipts and disbursements of the System in accordance with this resolution. In such records there shall be established and maintained accounts of the Fund for the purposes as follows:

(a) Construction Account. To the Construction Account there shall be credited the proceeds of the sale of the Bonds, less any amount paid for the Bonds in excess of the minimum bid. Any unused discount or premium upon the sale of the Bonds shall be deposited into the Construction Account. From the Construction Account there shall be paid all costs of issuance of the Bonds and all costs and expenses of financing the Project, including the cost of any construction contracts heretofore let and all other costs incurred and to be incurred of the kind authorized in Minnesota Statutes, Section 475.65. Any balance remaining in the Construction Account after completion of the Project shall be transferred to the Debt Service Account.

(b) Debt Service Account. There are hereby irrevocably appropriated and pledged to, and there shall be credited to, the Debt Service Account: (i) the net revenues of the System not otherwise pledged and applied to the payment of other obligations of the City, in an amount, together with other funds which may herein or hereafter from time to time be irrevocably appropriated to the account sufficient to meet the requirements of Minnesota Statutes, Section 475.61 for the payment of the principal and interest of the Bonds; (ii) any amount paid for the Bonds in excess of the minimum bid; (iii) any collections of all taxes which may hereafter be levied in the event that the net revenues of the System and other funds herein pledged to the payment of the principal and interest on the Bonds are insufficient therefor; (iv) all funds remaining in the Construction Account after completion of the Project and payment of the costs thereof; (v) all investment earnings on funds held in the Debt Service Account; and (vi) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Debt Service Account. The Debt Service Account shall be used solely to pay the principal and interest and any premiums for redemption of the Bonds and any other general obligation bonds of the City hereafter issued by the City and made payable from the Debt Service Account as provided by law. The amount of any surplus remaining in the Debt Service Account when the Bonds and interest thereon are paid shall be used consistent with Minnesota Statutes, Section 475.61, Subdivision 4.

No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued and (2) in addition to the above in an amount not greater than the lesser of five percent of the proceeds of the Bonds or \$100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Construction Account or Debt Service Account (or any other City fund or account which will be used to pay principal or interest to become due on the bonds payable therefrom) in excess of amounts which under then applicable federal arbitrage regulations may be invested without regard as to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by the arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. Money in the Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code").

16. Coverage Test; Pledge of Net Revenues and Excess Net Revenues. It is hereby found, determined and declared that the net revenues of the System are sufficient in amount to pay when due the principal of and interest on the Bonds and a sum at least five percent in excess thereof. The net revenues of the Water System are sufficient in amount to pay when due the principal of and interest on the

Outstanding Water Notes and a sum at least five percent in excess thereof. The net revenues of the System are hereby pledged on a parity with the Outstanding Water Notes for the payment of the Bonds and shall be applied for that purpose, but solely to the extent required to meet the principal and interest requirements of the Bonds as the same become due.

Nothing contained herein shall be deemed to preclude the City from making further pledges and appropriations of the net revenues of the System for the payment of other or additional obligations of the City, provided that it has first been determined by the City Council that the estimated net revenues of the System will be sufficient, in addition to all other sources, for the payment of the Bonds and such additional obligations and any such pledge and appropriation of the net revenues of the System may be made superior or subordinate to, or on a parity with the pledge and appropriation herein.

17. Covenant to Maintain Rates and Charges. In accordance with Minnesota Statutes, Section 444.075, the City hereby covenants and agrees with the Holders of the Bonds that it will impose and collect charges for the service, use, availability and connection to the System at the times and in the amounts required to produce net revenues adequate to pay all principal and interest when due on the Bonds. Minnesota Statutes, Section 444.075, Subdivision 2, provides as follows: "Real estate tax revenues should be used only, and then on a temporary basis, to pay general or special obligations when the other revenues are insufficient to meet the obligations".

18. General Obligation Pledge. For the prompt and full payment of the principal and interest on the Bonds, as the same respectively become due, the full faith, credit and taxing powers of the City shall be and are irrevocably pledged. If the net revenues of the System appropriated and pledged to the payment of principal and interest on the Bonds, together with other funds irrevocably appropriated to the Debt Service Account shall at any time be insufficient to pay such principal and interest when due, the City covenants and agrees to levy, without limitation as to rate or amount an ad valorem tax upon all taxable property in the City sufficient to pay such principal and interest as it becomes due. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Bonds payable therefrom, the deficiency shall be promptly paid out of any other accounts of the City which are available for such purpose, and such other funds may be reimbursed without interest from the Debt Service Account when a sufficient balance is available therein.

19. State Credit Enhancement Program. The City hereby ratifies and confirms its covenants in the resolution duly adopted on September 1, 2020, obligating itself to notify the Commissioner of Management and Budget of the State of Minnesota of a potential default in payment of the Bonds and to use the provisions of Minnesota Statutes, Section 446A.086 to guarantee the payment of principal and interest on the Bonds. The Mayor and City Administrator are hereby authorized and directed to enter into an agreement with the paying agent for the Bonds or any department of the State of Minnesota required by the provisions of Minnesota Statutes, Section 446A.086.

20. Defeasance. When all Bonds have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the registered holders of the Bonds shall, to the extent permitted by law, cease. The City may discharge its obligations with respect to any Bonds which are due on any date by irrevocably depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full; or if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Bond Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also discharge its obligations with respect to any prepayable Bonds called for redemption on any date when they are prepayable according to their terms, by depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full, provided that notice of redemption thereof has been duly given. The City may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without regard to sale and/or reinvestment, to pay all amounts to become due thereon to maturity or, if notice of redemption as herein required has been duly provided for, to such earlier redemption date.

21. Compliance With Reimbursement Bond Regulations. The provisions of this paragraph are intended to establish and provide for the City's compliance with United States Treasury Regulations Section 1.150-2 (the "Reimbursement Regulations") applicable to the "reimbursement proceeds" of the Bonds, being those portions thereof which will be used by the City to reimburse itself for any expenditure which the City paid or will have paid prior to the Closing Date (a "Reimbursement Expenditure").

The City hereby certifies and/or covenants as follows:

(a) Not later than sixty days after the date of payment of a Reimbursement Expenditure, the City (or person designated to do so on behalf of the City) has made or will have made a written declaration of the City's official intent (a "Declaration") which effectively (i) states the City's reasonable expectation to reimburse itself for the payment of the Reimbursement Expenditure out of the proceeds of a subsequent borrowing; (ii) gives a general and functional description of the property, project or program to which the Declaration relates and for which the Reimbursement Expenditure is paid, or identifies a specific fund or account of the City and the general functional purpose thereof from which the Reimbursement Expenditure was to be paid (collectively the "Project"); and (iii) states the maximum principal amount of debt expected to be issued by the City for the purpose of financing the Project;

provided, however, that no such Declaration shall necessarily have been made with respect to: (i) "preliminary expenditures" for the Project, defined in the Reimbursement Regulations to include engineering or architectural, surveying and soil testing expenses and similar prefatory costs, which in the aggregate do not exceed 20% of the "issue price" of the Bonds, and (ii) a *de minimis* amount of Reimbursement Expenditures not in excess of the lesser of \$100,000 or five percent of the proceeds of the Bonds.

(b) Each Reimbursement Expenditure is a capital expenditure or a cost of issuance of the Bonds or any of the other types of expenditures described in Section 1.150-2(d)(3) of the Reimbursement Regulations.

(c) The "reimbursement allocation" described in the Reimbursement Regulations for each Reimbursement Expenditure shall and will be made forthwith following (but not prior to) the issuance of the Bonds and in all events within the period ending on the date which is the later of three years after the payment of the Reimbursement Expenditure or one year after the date on which the Project to which the Reimbursement Expenditure relates is first placed in service.

(d) Each such reimbursement allocation will be made in a writing that evidences the City's use of Bond proceeds to reimburse the Reimbursement Expenditure and, if made within 30 days after the Bonds are issued, shall be treated as made on the day the Bonds are issued.

Provided, however, that the City may take action contrary to any of the foregoing covenants in this paragraph upon receipt of an opinion of its Bond Counsel for the Bonds stating in effect that such action will not impair the tax-exempt status of the Bonds.

22. Continuing Disclosure. The City is the sole obligated person with respect to the Bonds. The City hereby agrees, in accordance with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended, and a Continuing Disclosure Undertaking (the "Undertaking") hereinafter described to:

(a) Provide or cause to be provided to the Municipal Securities Rulemaking Board (the "MSRB") by filing at www.emma.msrb.org in accordance with the Rule, certain annual financial information, and operating data in accordance with the Undertaking. The City reserves the right to modify from time to time the terms of the Undertaking as provided therein.

(b) Provide or cause to be provided to the MSRB notice of the occurrence of certain events with respect to the Bonds in not more than ten (10) business days after the occurrence of the event, in accordance with the Undertaking.

(c) Provide or cause to be provided to the MSRB notice of a failure by the City to provide the annual financial information with respect to the City described in the Undertaking, in not more than ten (10) business days following such occurrence.

(d) The City agrees that its covenants pursuant to the Rule set forth in this paragraph and in the Undertaking is intended to be for the benefit of the Holders of the Bonds and shall be enforceable on behalf of such Holders; provided that the right to enforce the provisions of these covenants shall be limited to a right to obtain specific enforcement of the City's obligations under the covenants.

The Mayor and City Administrator or any other officer of the City authorized to act in their place (the "Officers") are hereby authorized and directed to execute on behalf of the City the Undertaking in substantially the form presented to the City Council subject to such modifications thereof or additions thereto as are (i) consistent with the requirements under the Rule, (ii) required by the Purchaser of the Bonds, and (iii) acceptable to the Officers.

23. Certificate of Registration. The City Administrator is hereby directed to file a certified copy of this resolution with the County Auditor of Carlton County, Minnesota, together with such other information as the County Auditor shall require, and to obtain the County Auditor's certificate that the Bonds have been entered in the County Auditor's Bond Register.

24. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the Purchaser, and to the attorneys approving the legality of the issuance of the Bonds, 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 are required to show the facts relating to the legality and marketability of the Bonds as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

25. Negative Covenant as to Use of Bond Proceeds and Project. The City hereby covenants not to use the proceeds of the Bonds or to use the Project, or to cause or permit them to be used, or to enter into any deferred payment arrangements for the cost of the Project, in such a manner as to cause the Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

26. Tax-Exempt Status of the Bonds; Rebate. The City shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Bonds, including without limitation (i) requirements relating to temporary periods for investments, (ii) limitations on amounts invested at a yield greater than the yield on the Bonds, and (iii) the rebate of excess investment earnings to the United States if the Bonds (together with other obligations reasonably expected to be issued and outstanding at one time in this calendar year) exceed the small-issuer exception amount of \$5,000,000.

For purposes of qualifying for the small issuer exception to the federal arbitrage rebate requirements for governmental units issuing \$5,000,000 or less of bonds, the City hereby finds, determines and declares that (i) the Bonds are issued by a governmental unit with general taxing powers; (ii) no Bonds are a private activity bond; (iii) 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City); and (iv) the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the City (and all entities subordinate to, or treated as one issuer with the City) during the calendar year in which the Bonds are issued and outstanding at one time is not reasonably expected to exceed \$5,000,000, all within the meaning of Section 148(f)(4)(D) of the Code.

27. Designation of Qualified Tax-Exempt Obligations. In order to qualify the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, the City hereby makes the following factual statements and representation:

- (a) the Bonds are issued after August 7, 1986;
- (b) the Bonds are not "private activity bonds" as defined in Section 141 of the Code;
- (c) the City hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code;
- (d) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the City (and all entities treated as one issuer with the City, and all subordinate entities whose obligations are treated as issued by the City) during this calendar year 2020 will not exceed \$10,000,000;
- (e) not more than \$10,000,000 of obligations issued by the City during this calendar year 2020 have been designated for purposes of Section 265(b)(3) of the Code; and
- (f) the aggregate face amount of the Bonds does not exceed \$10,000,000.

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

28. Official Statement. The Official Statement relating to the Bonds prepared and distributed by Ehlers is hereby approved and the officers of the City are authorized in connection with the delivery of the Bonds to sign such certificates as may be necessary with respect to the completeness and accuracy of the Official Statement.

Payment of Issuance Expenses. The City authorizes the Purchaser to forward the amount of Bond proceeds allocable to the payment of issuance expenses to Old National Bank in Chaska, Minnesota on the closing date for further dis The motion for the adoption of the foregoing resolution was duly seconded by member _____ and, after a full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Whereupon the resolution was declared duly passed and adopted.

ORDINANCE NO. 492A, AMENDING CHAPTERS 8 AND 17 OF CITY CODE ALLOWING CHICKENS

MOTION: Councilor Swanson moved and Councilor Lamb seconded the motion to adopt **ORDINANCE NO. 492A, AN ORDINANCE TO AMEND CHAPTER 8 AND CHAPTER 17 OF THE MUNICIPAL CODE TO ALLOW CHICKENS IN RESIDENTIAL AREAS.** The motion carried unanimously (7-0).

The City Council of the City of Cloquet does hereby ordain as follows:

Section 1. Section 8.4.02 Farm Animals is amended to read:

Farm animals shall only be kept in an agricultural district of the City, or on a residential lot of at least ten (10) acres in size provided that no animal shelter shall be within three hundred (300) feet of adjoining piece of property. An exception shall be made for animals brought into the city as part of an operating zoo, veterinarian clinic, scientific research laboratory, or licensed show or exhibition. Another exception is the keeping of not more than five (5) chickens (laying hens) as an accessory use in all residential districts, see Chapter 17 for restrictions.

Section 2. Section 17.4.01 Subd. 12 Animals other than Domestic (House) Pets
is amended to read:

- A. No animals, other than domestic (house) pets, as defined in *Section 17.1.05*, shall be permitted in any zoning district other than the FR Farm Residential District. Chickens (laying hens) may be kept in all residential districts as an accessory use. See each specific district for the requirements.
- B. No Structure (excluding a doghouse, chicken coop and pen area) or uses of land intended for the care and grooming of animals other than domestic pets, as defined in *Section 17.1.05*, shall be permitted in any zoning district except the FR – Farm Residential District.

Section 3. Section 17.6.04 SR – Suburban Residential District, Subd 4. Accessory Uses is hereby amended to read:

- K. Chickens – The keeping of not more than 5 chickens (laying hens) on lots of ¼ acre (10,890 sq. ft.) or larger subject to obtaining a license from the city to keep chickens.

Section 4. Section 17.6.05 R-1 – Single-Family Residence District, Subd 4. Accessory Uses is hereby amended to read:

- K. Chickens – The keeping of not more than 5 chickens (laying hens) on lots of ¼ acre (10,890 sq. ft.) or larger subject to obtaining a license from the city to keep chickens.

Section 5. Section 17.6.06 R-2 – One- to Two-Family Residence Districts, Subd 4. Accessory Uses is hereby amended to read:

- K. Chickens – The keeping of not more than 5 chickens (laying hens) on lots of ¼ acre (10,890 sq. ft.) or larger subject to obtaining a license from the city to keep chickens.

Section 6. Section 17.6.07 R-3 – Multiple-Family Residence District, Subd 4. Accessory Uses is hereby amended to read:

- K. Chickens – The keeping of not more than 5 chickens (laying hens) on lots of ¼ acre (10,890 sq. ft.) or larger subject to obtaining a license from the city to keep chickens. The property is limited to a single-family dwelling.

Section 7. Fees and Charges. The City's 2020 Fee Schedule be amended to include an initial chicken license fee of \$50.00 and a renewal fee of \$25.00.

Section 8. Effective Date. This ordinance shall take effect and be in force from and after its passage and publication in accordance with law.

COUNCIL COMMENTS, ANNOUNCEMENTS, AND UPDATES

City Administrator Peterson stated the Municipal General Election Canvas meeting is scheduled for November 13th at 9:00 Canvass meeting at 9:00 a.m. via teleconference.

Councilor Lamb thanked the Police Department for their work and reminded the public to use due diligence if seeing something.

On a motion duly carried by a unanimous yea vote of all members present on roll call, the Council adjourned.

Tim Peterson, City Administrator