

EXTRACT OF MINUTES OF A MEETING  
CITY COUNCIL OF THE  
CITY OF COLOGNE, MINNESOTA

HELD: May 18, 2020

Pursuant to due call, a regular or special meeting of the City Council of the City of Cologne, Carver County, Minnesota, was duly held at the City Hall on May 18, 2020, at 6:30 P.M., for the purpose, in part, of authorizing the issuance and awarding the sale of \$5,285,000 General Obligation Bonds, Series 2020A.

The following members were present:

and the following were absent:

Member Buss introduced the following resolution and moved its adoption:

RESOLUTION NO. 20-12

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF \$5,285,000 GENERAL OBLIGATION BONDS, SERIES 2020A, PLEDGING FOR THE SECURITY THEREOF NET REVENUES AND LEVYING A TAX FOR THE PAYMENT THEREOF

A. WHEREAS, the City Council of the City of Cologne, Minnesota (the "City"), has heretofore determined and declared that it is necessary and expedient to issue \$5,285,000 General Obligation Bonds, Series 2020A (the "Bonds" or individually a "Bond"), pursuant to Minnesota Statutes, Chapter 475 and (i) Section 444.075, to finance improvements to the municipal water, storm sewer and sanitary sewer systems (the "Utility Improvements"), in the amount of \$2,330,000 (the "Utility Revenue Portion of the Bonds"); and (ii) Section 475.58, Subdivision 3b to finance street reconstruction improvements under the City's Street Reconstruction Plan 2020-2024, adopted April 6, 2020 (the "Street Reconstruction Improvements") in the amount of \$2,955,000 (the "Street Reconstruction Portion of the Bonds"); and

B. WHEREAS, the City owns and operates a municipal water system (the "Water System"), a municipal storm sewer system (the "Storm Sewer System"), and a sanitary sewer system (the "Sewer System") as separate revenue producing public utilities (together, the "System"), and

C. WHEREAS, the net revenues of the Water System are pledged to the payment of the City's outstanding (i) \$839,216 original principal amount of General Obligation Water Revenue Note of 2014, dated October 29, 2014; and (ii) \$7,715,623 original principal amount of General Obligation Water Revenue Note of 2016, dated November 14, 2016 (collectively, the "Outstanding Water Notes"); and

D. WHEREAS, the net revenues of the Water System and the Sewer System are pledged to the payment of the City's outstanding \$8,020,000 original principal amount of

General Obligation Refunding Bonds, Series 2013A, dated June 1, 2013 (the "Outstanding Bonds"); and

E. WHEREAS, there are currently no outstanding obligations are payable from the net revenues of the Storm Sewer System; and

F. WHEREAS, on April 6, 2020, following duly published notice thereof, the Council held a public hearing on the issuance of approximately \$4,500,000 principal amount of bonds to finance the Street Reconstruction Improvements and all persons who wished to speak or provide written information relative to the public hearing were afforded an opportunity to do so; and

G. WHEREAS, no petition signed by voters equal to 5 percent of the votes cast in the City in the last municipal general election requesting a vote on the issuance of the Street Reconstruction Portion of the Bonds has been filed with the City Administrator within 30 days after the public hearing on April 6, 2020; and

H. WHEREAS, the Street Reconstruction Portion of the Bonds, together with any outstanding bonds of the City that are subject to the City's net debt limit, do not exceed the City's net debt limit; and

I. WHEREAS, the City has retained Baker Tilly Municipal Advisors, LLC, in St. Paul, Minnesota ("Baker Tilly MA"), 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 Baker Tilly MA; and

J. WHEREAS, the proposals set forth on Exhibit A attached hereto were received by the City Administrator, or designee, at the offices of Baker Tilly MA at 10:00 a.m. this same day pursuant to the Preliminary Official Statement dated April 27, 2020, established for the Bonds; and

K. 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 Council of the City of Cologne, Minnesota, as follows:

1. Acceptance of Proposal. The proposal of Piper Sandler & Co. in Minneapolis, Minnesota (the "Purchaser"), to purchase the Bonds in accordance with the Preliminary Official Statement, at the rates of interest hereinafter set forth, and to pay therefor the sum of \$5,518,664.96, plus interest accrued to settlement, is hereby found, determined and declared to be the most favorable proposal received and is hereby accepted, and the Bonds are hereby awarded to the Purchaser. The City Administrator is directed to retain the deposit of the purchaser and to forthwith return to the unsuccessful bidder and any good faith checks or drafts.

2. Bond Terms.

(a) Original Issue Date; Denominations; Maturities; Term Bond Option. The Bonds shall be dated June 17, 2020, as the date of original issue and shall be issued forthwith on or after such date in fully registered form, shall 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	\$205,000	2032	\$270,000
2023	205,000	2033	275,000
2024	215,000	2034	280,000
2025	225,000	2035	285,000
2026	230,000	2036	295,000
2027	235,000	2037	295,000
2028	240,000	2038	305,000
2029	250,000	2039	310,000
2030	260,000	2040	315,000
2031	265,000	2041	325,000

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) Allocation. The Utility Revenue Portion of the Bonds, being the aggregate principal amount of \$2,330,00, maturing in each of the years and amounts hereinafter set forth, is issued to finance the Utility Improvements. The Street Reconstruction Portion of the Bonds, being the aggregate principal amount of \$2,955,000, maturing in each of the years and amounts hereinafter set forth, is issued to finance the Street Reconstruction Improvements.

<u>Year</u>	<u>Utility Revenue Portion (Amount)</u>	<u>Street Reconstruction Portion (Amount)</u>	<u>Total Amount</u>
2022	\$ 90,000	\$115,000	\$205,000
2023	90,000	115,000	205,000
2024	95,000	120,000	215,000
2025	100,000	125,000	225,000
2026	100,000	130,000	230,000
2027	105,000	130,000	235,000
2028	105,000	135,000	240,000
2029	110,000	140,000	250,000
2030	115,000	145,000	260,000
2031	115,000	150,000	265,000
2032	120,000	150,000	270,000
2033	120,000	155,000	275,000
2034	125,000	155,000	280,000
2035	125,000	160,000	285,000
2036	130,000	165,000	295,000
2037	130,000	165,000	295,000
2038	135,000	170,000	305,000
2039	135,000	175,000	310,000
2040	140,000	175,000	315,000
2041	145,000	180,000	325,000

If Bonds are prepaid, the prepayments shall be allocated to the portions of debt service (and hence allocated to the payment of Bonds treated as relating to a particular portion of debt service) as provided in this paragraph. If the source of prepayment moneys is the general fund of the City, including a tax levy, or other generally available source, the prepayment may be allocated to any portion of debt service in such amounts as the City shall determine. If the source of a prepayment is excess net revenues of the System pledged to the Utility Improvements, the prepayment shall be allocated to the Utility Revenue Portion of debt service.

(c) 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 hereof, 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 fifteen 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.

(d) 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 (d) shall limit or restrict the provisions of paragraph 10.

(e) 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 Utility Revenue Portion of the Bonds shall provide funds to finance the Utility Improvements (the "Utility Improvement Project"); and the Street Reconstruction Portion shall provide funds to finance the Street Reconstruction Improvements (the "Street Reconstruction Improvement Project", and together with the Utility Improvement Project, 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. 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 February 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	3.00%	2032	2.00%
2023	3.00%	2033	2.00%
2024	3.00%	2034	2.00%
2025	3.00%	2035	2.00%
2026	3.00%	2036	2.00%
2027	3.00%	2037	2.00%
2028	3.00%	2038	2.00%
2029	3.00%	2039	2.00%
2030	3.00%	2040	2.00%
2031	2.00%	2041	2.00%

5. Redemption. All Bonds maturing on 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 thirty 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 the Bond, without service charge, a new Bond or Bonds 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.

6. Bond Registrar. U.S. Bank National Association, in St. Paul, 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  
CARVER COUNTY  
CITY OF COLOGNE

R-\_\_\_\_\_

\$\_\_\_\_\_

GENERAL OBLIGATION STREET RECONSTRUCTION  
AND UTILITY REVENUE BOND, SERIES 2018A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
_____ %	February 1,	June 17, 2020	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The City of Cologne, Carver 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 February 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 principal office of U.S. Bank National Association, in St. Paul, 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. 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. All Bonds of this issue (the "Bonds") maturing on 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 at least thirty 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 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 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 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 \$5,285,000, all of like date of original issue and tenor, except as to number, maturity, interest rate, denomination and redemption privilege, 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 on May 18, 2020 (the "Resolution"), for the purpose of providing money to finance various municipal water, storm sewer and sanitary sewer systems improvements and street reconstruction projects, all within the jurisdiction of the Issuer. This Bond is payable out of the General Obligation 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 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 office of the Bond Registrar.

Transfer. This Bond is transferable by the Holder in person or the Holder's attorney duly authorized in writing at the 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 a "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 its municipal water, storm sewer and sanitary sewer systems (the "System") at the times and in amounts necessary to produce net revenues, together with other sums pledged to the payment of the Utility Revenue Portion of the Bonds, as defined in the Resolution, adequate to pay all principal and interest when due on the Utility

Revenue Portion of 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 Utility Revenue Portion of the Bonds 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 Cologne, Carver 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:

U.S. BANK NATIONAL  
ASSOCIATION

BOND REGISTRAR'S  
CERTIFICATE OF  
AUTHENTICATION

Payable at:

U.S. BANK NATIONAL  
ASSOCIATION

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

CITY OF COLOGNE,  
CARVER COUNTY, MINNESOTA

U.S. BANK NATIONAL  
ASSOCIATION

/s/ Facsimile

Mayor

St. Paul, Minnesota  
Bond Registrar

/s/ Facsimile

City Administrator

By:

Authorized Signature