

DATE: July 14, 2025

TITLE: **Approval of Lease Purchase Agreement**

TYPE: Action

PRESENTER: Todd Lechtenberg, Executive Director of Finance & Operations

Background:

Austin Public Schools previously engaged ISG to conduct a comprehensive facilities feasibility study. As part of that study, it was determined the Paulson Tennis Courts at the Wescott Athletic Complex need complete reconstruction due to a failing pavement section.

In March, the APS School Board awarded the reconstruction project to Rochester Sand and Gravel. Following that decision, at the April board meeting, the board passed a resolution authorizing PMA to secure the necessary funding for the project.

Rationale:

PMA and APS reached out to Old National Bank (Bremer Bank) to see if they were interested in purchasing these bonds as they are our local bank on file. Old National Bank submitted a proposal that included an interest rate of 4.36%, which was below our preliminary estimate of 5.00%. With this current proposal, APS would save \$85,070 over the life of the payments from our estimates on March 24, 2025.

Recommendation:

We are recommending the Austin School Board approves the following resolution to award the lease purchase agreement to Old National Bank.

CERTIFICATION OF MINUTES RELATING TO
LEASE-PURCHASE AGREEMENT

Issuer: Independent School District No. 492 (Austin), Minnesota

Governing Body: School Board

Kind, date, time and place of meeting: A regular meeting held July 14, 2025 at 5:30 p.m., local time, at the AHS Annex Recital Hall located at 205 4th St NW, Austin, Minnesota, or electronically as permitted by and in accordance with applicable laws.

Members present:

Members absent:

Documents Attached:

Excerpt of minutes of the above-described meeting relating to the resolution described below.

RESOLUTION RELATING TO SCHOOL DISTRICT PROPERTY AND
IMPROVEMENTS AND THE FINANCING THEREOF; AUTHORIZING THE
EXECUTION AND DELIVERY OF A LEASE-PURCHASE AGREEMENT
AND APPROVING AND AUTHORIZING THE EXECUTION OF RELATED
DOCUMENTS

I, the undersigned, being the duly qualified and acting recording officer of the public corporation issuing the obligations referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of said public corporation in my legal custody, from which they have been transcribed; that said documents are a correct and complete transcript of the portion of the minutes of a meeting of the governing body of said public corporation, and correct and complete copies of all resolutions and other actions taken and of all documents approved by the governing body at said meeting, so far as they relate to said obligations; and that said meeting was duly held by the governing body of the public corporation at the time and place indicated above and attended throughout by members of the governing body in a number sufficient to legally transact business, pursuant to call and notice of such meeting given as required by law.

WITNESS my hand officially as such recording officer on July __, 2025.

Clerk

EXCERPT OF MINUTES

Member _____ introduced the following resolution and moved its adoption, which motion was seconded by Member _____:

RESOLUTION RELATING TO SCHOOL DISTRICT PROPERTY AND IMPROVEMENTS AND THE FINANCING THEREOF; AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE-PURCHASE AGREEMENT AND APPROVING AND AUTHORIZING THE EXECUTION OF RELATED DOCUMENTS

BE IT RESOLVED by the School Board (the "Board") of Independent School District No. 492 (Austin), Minnesota (the "District"), as follows:

Section 1. Authority; Purpose. The District is authorized by Minnesota Statutes, Section 465.71, to enter into lease-purchase agreements for the purpose of financing real and personal property. This Board hereby finds it in the best interest of the District to enter into a lease-purchase agreement (as further defined below, the "Lease") for the purpose of financing the construction of tennis courts and related athletic improvements (the "Project").

Section 2. Authorization of Financing; Lease Award Parameters. In order to finance the Project, the Board desires to enter into the Lease with one or more lenders. PMA Securities, LLC (the "Municipal Advisor"), municipal advisor to the District, has solicited proposals from potential lenders, on behalf of the District, to establish certain terms of the Lease. The most favorable of such proposals is ascertained to be that of Old National Bank, headquartered in Evansville, Indiana, and Chicago, Illinois (the "Lender"). The Lender offered to enter into the Lease to provide a loan to the District in the aggregate principal amount of \$575,000, on the terms set forth in the term sheet for the Lease prepared by the Municipal Advisor (the "Term Sheet"), resulting in a true interest cost of 4.3519217% per annum. The Term Sheet is hereby accepted and the Lease is awarded to the Lender.

Section 3. Documents. Forms of the Term Sheet, the Lease, a ground lease, a tax certificate and certain other operative and closing documents as are necessary to accomplish the financing of the Project (collectively, the "Documents") are on file in the office of the Executive Director of Finance and Operations.

Section 4. Execution. Upon completion of the Documents and the execution thereof by the other parties thereto, the Chair and Clerk, or other designated signatories acting on their behalf, are hereby authorized to execute and deliver the Documents on behalf of the District, with such changes as such authorized signers deem appropriate and necessary. The Chair and Clerk (or their designated signatories acting on their behalf, or in the case of the IRS Form 8038-G, the Executive Director of Finance and Operations individually) are hereby further authorized to execute, on behalf of the District, such other contracts, certifications, documents or instruments as counsel to the District shall require, and all certifications, recitals, warranties and representations therein and in the Documents shall constitute the certifications, recitals, warranties and representations of the District. Execution of the Documents and any contract, certification, document or instrument by one or more appropriate officers of the District will constitute and be

deemed conclusive evidence of the approval and authorization by the District and the Board of the Documents, and any other contract, certification, document or instrument so executed. Without limiting the generality of the foregoing, in the absence or other unavailability of the Chair, any document authorized in this resolution to be executed by the Chair may be executed by the Vice Chair or the Acting Chair and, in the absence or other unavailability of the Clerk, any document authorized in this resolution to be executed by the Clerk may be executed by the Acting Clerk.

Section 5. Payment of Rental Payments; No General Obligation; Capital Expenditure Levy. Subject to the provisions of the Lease, the District shall pay promptly when due, all of the Rental Payments (as defined in the Lease) and other amounts required by the Lease. The Lease and the obligations of the District thereunder will be special, limited obligations of the District payable in each fiscal year solely from funds of the District legally appropriated for such purpose in the annual budget of the District; provided, however, that the District shall not be obligated to make any such appropriation. The full faith and credit and ability of the District to levy ad valorem taxes without limitation as to rate or amount are not pledged to the payment of the Lease or any obligation of the District thereunder.

Section 6. Tax Covenants and Arbitrage Matters.

(a) Covenant. The District covenants and agrees with the Lender that it will not take, or permit to be taken by any of its officers, employees or agents, any action which would cause the interest component of the Rental Payments payable under the Lease to become subject to taxation under the Internal Revenue Code of 1986 (the "Code") and any regulations issued thereunder (the "Regulations"), in effect at the time of such action, and that it will take, or it will cause its officers, employees or agents to take, all affirmative actions within their powers which may be necessary to ensure that the interest component of the Rental Payments payable under the Lease will not become subject to taxation under the Code and the Regulations, as presently existing or as hereafter amended and made applicable to the Lease. So long as the Lease is outstanding, the District will not enter into any lease, use agreement or other contract or agreement respecting the Project which would cause the Lease to be considered a "private activity bond" or "private loan bond" pursuant to the provisions of Section 141 of the Code.

(b) Tax Certificate. The Chair and Clerk, or their respective authorized designees, being the officers of the District charged with the responsibility for issuing the Lease pursuant to this resolution, are authorized and hereby directed to execute and deliver a certificate (the "Tax Certificate") in accordance with the provisions of Section 148 of the Code, and Section 1.148-2(b) of the Regulations, stating, among other things, the facts, estimates and circumstances in existence on the date of issue and delivery of the Lease which make it reasonable to expect that the proceeds of the Lease will not be used in a manner that would cause the Lease to be an arbitrage bond within the meaning of the Code and the Regulations.

(c) Arbitrage Rebate. The District acknowledges that the Lease is subject to the rebate requirements of Section 148(f) of the Code. The District covenants and agrees to retain such records, make such determinations, file such reports and documents and pay such amounts at such times as are required under Section 148(f) and applicable Regulations to preserve the exclusion of interest on the Lease from gross income for federal income tax purposes, unless the Lease qualifies

for an exception from the rebate requirement pursuant to one of the exceptions set forth in the Code and the Regulations.

(d) Qualified Tax-Exempt Obligations. The Board hereby designates the Lease as a “qualified tax-exempt obligation” for purposes of Section 265(b)(3) of the Code relating to the disallowance of interest expense for financial institutions, and hereby finds that the reasonably anticipated amount of tax-exempt obligations, which are not private activity bonds (not treating qualified 501(c)(3) bonds under Section 145 of the Code as private activity bonds for the purpose of this representation) which will be issued by the District and all subordinate entities during calendar year 2025 does not exceed \$10,000,000.

Upon 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.