

CERTIFICATION OF MINUTES

RELATING TO

GENERAL OBLIGATION AID ANTICIPATION CERTIFICATES OF INDEBTEDNESS,  
SERIES 2025A  
(MINNESOTA SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM)

ISSUER: INDEPENDENT SCHOOL DISTRICT NO. 507  
(NICOLLET PUBLIC SCHOOLS), MINNESOTA

GOVERNING BODY: SCHOOL BOARD

KIND, DATE, TIME AND PLACE OF MEETING: A regular meeting held on March 12,  
2025, at 6:00 o'clock p.m., held in the Community Room.

MEMBERS PRESENT: \_\_\_\_\_

MEMBERS ABSENT: \_\_\_\_\_

Documents Attached: Extract of Minutes of said meeting.

**RESOLUTION RATIFYING THE SALE OF THE DISTRICT'S  
GENERAL OBLIGATION AID ANTICIPATION CERTIFICATES OF  
INDEBTEDNESS, SERIES 2025A; DETERMINING THE FORM AND  
DETAILS OF SUCH CERTIFICATES; AUTHORIZING THE  
EXECUTION, DELIVERY AND REGISTRATION OF SUCH  
CERTIFICATES; AND PROVIDING FOR THE PAYMENT OF AND  
THE SECURITY FOR SUCH CERTIFICATES**

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 corporation in my legal custody, from which they have been transcribed; that said documents are a correct and complete transcript of the minutes of a meeting of the governing body of said 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 at the time and place and was attended throughout by the members indicated above, pursuant to call and notice of such meeting duly given as required by law.

EXECUTED AND DATED this \_\_\_ day of March, 2025

\_\_\_\_\_  
School District Clerk

EXTRACT OF MINUTES OF A MEETING  
OF THE SCHOOL BOARD  
OF INDEPENDENT SCHOOL DISTRICT NO. 507  
(NICOLLET PUBLIC SCHOOLS), MINNESOTA

HELD: March 12, 2025

Pursuant to due call and notice thereof, a regular meeting of the School Board of Independent School District No. 507 (Nicollet Public Schools), Minnesota (the “District”), was duly held on March 12, 2025, at 6:00 o’clock p.m., for the purpose, in part, of approving the sale of of the General Obligation Aid Anticipation Certificates of Indebtedness, Series 2025A of the District. All proceedings hereafter shown were taken while the meeting was open to the attendance of the public.

Member \_\_\_\_\_ introduced the following resolution and moved its adoption:

**RESOLUTION RATIFYING THE SALE OF THE DISTRICT'S  
GENERAL OBLIGATION AID ANTICIPATION CERTIFICATES  
OF INDEBTEDNESS, SERIES 2025A; DETERMINING THE  
FORM AND DETAILS OF SUCH CERTIFICATES;  
AUTHORIZING THE EXECUTION, DELIVERY AND  
REGISTRATION OF SUCH CERTIFICATES; AND PROVIDING  
FOR THE PAYMENT OF AND THE SECURITY FOR SUCH  
CERTIFICATES**

**BE IT RESOLVED** by the School Board (the “**Board**”) of Independent School District  
No. 507 (Nicollet Public Schools), Minnesota (the “**District**”), as follows:

**Article I  
Authorization and Sale**

**Section 1.01 Authorization and Purpose.** At a meeting held on March 6, 2025, this Board determined to sell and issue its General Obligation Aid Anticipation Certificates of Indebtedness, Series 2025A of the District pursuant to Minnesota Statutes, Sections 126C.50 to 126C.56 and Chapter 475 (collectively, the “**Act**”), as amended, subject to certain parameters, in the total aggregate principal amount of not to exceed \$890,000. Proceeds of the Certificates will be used to (i) provide operating funds to cover cash flow deficit in anticipation of the receipt of state and federal aids to be received from or through the Department of Education of the State of Minnesota for the current fiscal year and (ii) pay costs associated with the issuance of the Certificates. In furtherance of the foregoing, the Board hereby ratifies its decision and the actions of the District staff in negotiating the sale of its General Obligation Aid Anticipation Certificates of Indebtedness, Series 2025A (as more fully described herein, the “**Certificates**”). Proceeds of the Certificates

**Section 1.02 Sale; Ratification of Award.** The Board has determined that this issue shall be sold after direct negotiation, as authorized pursuant to Minnesota Statutes, Section 475.60, Subdivision 2(2), as amended. The proposal of Robert W. Baird & Co. Incorporated (the “**Underwriter**”) to purchase the Certificates at a price of \$889,065.50 (representing the par amount of the Certificates, plus original issue premium of \$3,515.50 and less underwriter’s discount of \$4,450.00), was accepted by the Superintendent or Business Manager and a School Board Officer on March 10, 2025, pursuant to the Certificate Purchase Agreement between the Underwriter and the Business Manager and a School Board Officer. The true interest costs is 4.1971%. The proposal of the Underwriter and the award of the sale of the Certificates is hereby approved and ratified in all respects.

**Section 1.03 Execution of Documents.** The execution of the Certificate Purchase Agreement dated March 10, 2025, between the Underwriter and the District is hereby ratified.

**Section 1.04 Compliance with Law.** All acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed precedent to the issuance of the Certificates having been done, having happened and having been performed in regular and due form, time and manner as required by law, the Board hereby finds and determines that it is necessary for this Board to provide for the issuance, sale and delivery of the Certificates, to establish the form and terms of the Certificates and to provide for the payment and the security thereof.

## **Article II**

### **Authorization; Certificate Terms; Registration; Execution and Delivery**

**Section 2.01 Authorization and Designation.** In accordance with the laws of the State of Minnesota, the Board hereby authorizes the issuance of the Certificates in the aggregate principal amount of \$890,000 to be used for the purposes described in Section 1.01. Such Certificates shall be designated as “General Obligation Aid Anticipation Certificates of Indebtedness, Series 2025A”.

**Section 2.02 Maturities, Interest Rates and Denominations.** The Certificates shall be in the principal amount of \$890,000 and bear interest at the rate per annum of 4.00% from the date of issue until paid. The Certificates shall be originally dated their date of original issue and delivery (March 17, 2025), shall be issued and sold in denominations of \$5,000 or any integral multiple thereof within a single maturity, and shall mature on September 30, 2025, without option of prior payment. The Certificates shall be issuable only in fully registered form. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months. The interest thereon and, upon surrender of each Certificate, the principal amount thereof, shall be paid by check or draft issued by the Registrar described herein; provided, however, that so long as the Certificates are registered in the name of a securities depository, or a nominee thereof, in accordance with Section 2.08 hereof, the principal of and the interest on the Certificates shall be paid in accordance with the operational arrangements of the securities depository.

**Section 2.03 Dates and Interest Payments.** The Certificates will be issued as of the date of original issue. The interest on the Certificates is payable at maturity on September 30, 2025, to the registered owner of record thereof as of the close of business on the fifteenth (15<sup>th</sup>) day prior to such date, whether or not that day is a business day.

**Section 2.04 Optional Redemption.** The Certificates are not subject to optional redemption prior to maturity.

**Section 2.05. Appointment of Initial Registrar.** The District hereby appoints U.S. Bank Trust Company, National Association in St. Paul, Minnesota, as the initial certificate registrar, transfer agent and paying agent (the “**Registrar**”). The Chair of the Board and the Clerk of the District are authorized to execute and deliver, on behalf of the District, a contract with the Registrar (the “**Registrar Agreement**”). The Registrar shall have only such duties and

obligations as are expressly specified by this Resolution and the Registrar Agreement, and no other duties or obligations shall be implied to the Registrar, except as may be set forth in a written agreement between the District and a successor Registrar.

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

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

The District reserves the right to remove the Registrar upon thirty (30) days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Certificates in its possession to the successor Registrar and shall deliver the certificate register to the successor Registrar. The Chair of the Board and the Clerk of the District is each authorized to remove the Registrar as provided herein if he or she determines such removal is in the best interest of the District. Upon such removal, such officer is authorized to appoint a successor Registrar and to execute a Registrar Agreement with such successor Registrar in a form substantially similar to that approved by the Board pursuant to this Resolution, but with such changes as he or she shall deem appropriate or necessary.

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

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

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

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

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

(e) Improper or Unauthorized Transfer. When any Certificate is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Certificate or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

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

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

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

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

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

**Section 2.07. Execution; Authentication and Delivery.** The Certificates shall be prepared under the direction of the Clerk of the District and shall be executed on behalf of the District by the signatures of the Chair of the Board and the Clerk of the District, provided that all signatures may be printed, engraved, or lithographed facsimiles of the originals. In case any officer whose signature, or a facsimile of whose signature, shall appear on the Certificates shall cease to be such officer before the delivery of any Certificate, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. Notwithstanding such execution, no Certificate shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on such Certificate has been duly executed by the manual signature of the Registrar. The executed certificate of authentication on each Certificate shall be conclusive evidence that it has been authenticated and delivered under this Resolution. When the Certificates have been so executed and authenticated, they shall be delivered by the Clerk of the District to the Underwriter upon payment of the purchase price in accordance with the contract of sale heretofore made and executed.

**Section 2.08. Securities Depository.**

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

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

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

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

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

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

(b) The Certificates shall be initially issued as separately authenticated fully registered certificates, and one Certificate shall be issued in the principal amount of each stated maturity of the Certificates. Upon initial issuance, the ownership of such Certificates shall be registered in the certificate register in the name of Cede & Co., as nominee of DTC. The Registrar and the District may treat DTC (or its nominee) as the sole and exclusive owner of the

Certificates registered in its name for the purposes of payment of the principal of or interest on the Certificates, selecting the Certificates or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Certificates under this Resolution, registering the transfer of Certificates, and for all other purposes whatsoever; and neither the Registrar nor the District shall be affected by any notice to the contrary. Neither the Registrar nor the District shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Certificates under or through DTC or any Participant, or any other person which is not shown on the certificate register as being a registered owner of any Certificates, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of or interest on the Certificates, with respect to any notice which is permitted or required to be given to owners of Certificates under this Resolution, with respect to the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Certificates, or with respect to any consent given or other action taken by DTC as registered owner of the Certificates. So long as any Certificate is registered in the name of Cede & Co., as nominee of DTC, the Registrar shall pay all principal of and interest on such Certificate, and shall give all notices with respect to such Certificate, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to the principal of and interest on the Certificates to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Certificate for each separate stated maturity evidencing the obligation of the District to make payments of principal and interest. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Certificates will be transferable to such new nominee in accordance with paragraph (e) hereof.

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

(d) The execution and delivery of the Representation Letter to DTC, in substantially the form attached hereto as Exhibit B, by the Chair of the Board or the Clerk of the District, if not previously filed with DTC, is hereby authorized and directed.

(e) In the event that any transfer or exchange of Certificates is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the Certificates to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this Resolution. In the event Certificates in the form of certificates are issued to owners other than Cede & Co., its successor as nominee for DTC as owner of all the Certificates, or another securities depository as owner of all the Certificates, the provisions of this Resolution shall also apply to all matters



relating thereto, including, without limitation, the printing of such Certificates in the form of certificate certificates and the method of payment of principal of and interest on such Certificates in the form of certificates.

### **Article III Form of Certificates**

The Certificates shall be issued in substantially the form of certificate attached as Exhibit A hereto.

### **Article IV Use of Certificate Proceeds**

The proceeds of the Certificates shall be deposited in the Operating Funds of the District and shall be used solely to pay claims duly approved and allowed with respect to current operating expenses of the kinds and within the amounts provided in the official budget of the District. Such proceeds shall be recorded as liabilities of such funds, pursuant to Minnesota Statutes, Section 123B.78.

### **Article V Creation of Funds; Security and Covenants**

**Section 5.01. Debt Service Fund.** The principal of and the interest on the Certificates shall be paid from a separate General Obligation Aid Anticipation Certificates of Indebtedness, Series 2025A Debt Service Fund (the “**Debt Service Fund**”) which shall be created and maintained on the books of the District as a separate debt redemption fund until the Certificates, and all interest thereon, are fully paid. At such time as state aids for schools distributable to the District for the current fiscal year, receipts of which are to be recorded as assets of the Operating Funds of the District pursuant to the Uniform Financial Accounting and Reporting System for Minnesota school districts, and which remain to be received, are in the amount of 105% of the principal of and interest due on the Certificates issued to fund the deposit to the Operating Funds, on their maturity date, there shall be deposited in the Debt Service Fund all subsequent receipts of such aids or other moneys of the District legally available therefor, until the balance in the Debt Service Fund is sufficient to pay all principal and interest due on the Certificates at maturity.

**Section 5.03. Pledge of Full Faith and Credit.** The full faith and credit of the District are pledged to the payment of the Certificates, and, in accordance with Minnesota Statutes, Section 475.61, the District hereby covenants and agrees that in the event of a deficiency in moneys to pay principal of and interest on the Certificates when due, it will levy and cause to be extended upon all taxable property within its corporate limits such ad valorem taxes as may be required for the payment of such principal and interest in full. If the District does not have other moneys available to pay scheduled debt service on the Certificates, the District shall take all necessary actions pursuant to Article IX hereof.

It is determined that the estimated state and federal school aids receivable by the District will produce at least five percent (5%) in excess of the amount needed to meet, when due, the principal and interest payments on the Certificate and that no tax levy is needed at this time. However, the Board shall levy ad valorem taxes on all taxable property in the District in the event of any deficiency of the state and federal school aids pledged, which taxes may be levied without limitation as to rate or amount.

## **Article VI Certification of Proceedings**

**Section 6.01. Filing with County Auditors.** The Clerk of the District is hereby authorized and directed to file with the County Auditor of each county in which the District is located in whole or in part a certified copy of this Resolution together with such other information as the County Auditors shall require and to obtain from the County Auditors a certificate that the Certificates have been entered upon the certificate registers and that the tax for the payment of the Certificates has been levied as required by law.

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

**Section 6.03. Official Statement.** The Preliminary Official Statement relating to the Certificates, as of its date March 5, 2025, prepared and distributed by the Underwriter, including any amendments or supplements thereto, is hereby ratified, approved and deemed "final" for purposes of Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934, as amended ("**Rule 15c2-12**"). The Underwriter is hereby authorized on behalf of the District to prepare and distribute to the purchasers within seven business days from the date hereof, a Final Official Statement listing the offering price, the interest rates, selling compensation, delivery date, the underwriters and such other information relating to the Certificates required to be included in the Official Statement by Rule 15c2-12. The use and public distribution of the final Official Statement by the Underwriter in connection with the offering of the Certificates is hereby authorized. The officers of the District are hereby authorized and directed to execute such certificates as may be appropriate concerning the accuracy, completeness and sufficiency of the Official Statement.

## **Article VII Covenants and Arbitrage Matters.**

**Section 7.01. Restrictive Action.** The District covenants and agrees with the registered owners of the Certificates, that it will not take or permit to be taken by any of its officers, employees or agents any actions that would cause interest on the Certificates to become includable in gross income of the recipient under the Code and applicable Regulations, and covenants to take any and all actions within its powers to ensure that the interest will not become includable in gross income of the recipient under the Code and the Regulations.

**Section 7.02. Statement of Capital Expenditures and Arbitrage Certificate.** The Board estimates that the principal amount of the Certificates will not exceed (i) the largest amount by which the District's working capital expenditures exceed available amounts for payment thereof during the period for which such aids are anticipated and during which the Certificates will be outstanding, and (ii) the amount of a working capital reserve equal to five percent of the District's working capital expenditures in the Operating Funds for the prior fiscal year, all as contemplated by the Regulations. The District Treasurer is directed to prepare a statement of estimated capital expenditures during the period for which such aids and other funds are anticipated and during which the Certificates will be outstanding for the purpose of verifying the correctness of this estimate. In the event that such statement does not verify such estimate, the principal amount of the Certificates shall be reduced to such amount as will not exceed the amount permitted by the Regulations. Prior to the issuance of the Certificates, the Chairperson and the Clerk, being the officers of the District charged with the responsibility for issuing the Certificates pursuant to this resolution, shall execute and deliver to the Purchaser a certificate as contemplated by the Regulations stating the facts, estimates and circumstances in existence on the date of issuance and delivery of the Certificates which indicate that the proceeds of the Certificates will not be used in a manner that would cause the Certificates to be "arbitrage bonds" within the meaning of the Code and Regulations.

**Section 7.03. Arbitrage Certification.** The Chair of the Board and the Clerk of the District, being the officers of the District charged with the responsibility for issuing the Certificates pursuant to this Resolution, are authorized and directed to execute and deliver to the Purchaser a certificate in accordance with the provisions of Section 148 of the Code and applicable Regulations stating the facts, estimates and circumstances in existence on the date of issue and delivery of the Certificates which make it reasonable to expect that the proceeds of the Certificates will not be used in a manner that would cause the Certificates to be "arbitrage bonds" within the meaning of the Code and the Regulations.

**Section 7.04. Arbitrage Rebate.** (a) It is hereby found that the District has general taxing powers, that no Certificate is a "private activity bond" within the meaning of Section 141 of the Code, that 95% or more of the net proceeds of the Certificates are to be used for local governmental activities of the District, and that the aggregate face amount of all tax-exempt obligations (other than private activity bonds) issued by the District and all subordinate entities thereof during calendar year 2025 is not reasonably expected to exceed \$5,000,000 plus the lesser of \$10,000,000 or so much of the aggregate face amount of the tax-exempt obligations as are attributable to financing or refinancing the construction of public school facilities. Therefore,

pursuant to Section 148(f)(4)(D) of the Code, the District shall be treated as meeting the arbitrage rebate requirements of paragraphs (2) and (3) of Section 148(f) of the Code.

(b) If, notwithstanding the provisions of paragraph (a) of this Section 6.03, the arbitrage rebate provisions of Section 148(f) of the Code apply to the Certificates, the District hereby covenants and agrees to make the determinations, retain records and rebate to the United States the amounts at the times and in the manner required by said Section 148(f).

**Section 7.05. Post-Issuance Compliance Procedures.** The Board hereby adopts the Post-Issuance Tax Compliance Procedures attached to this Resolution as Exhibit C to ensure that the District satisfies and meets all applicable post-issuance requirements of federal income tax law needed to preserve the tax-exempt status of the Certificates. The District reserves the right to use its discretion as necessary and appropriate to make exceptions or request additional provisions as it may determine. The District also reserves the right to change these policies and procedures from time to time, without notice.

**Section 7.06. Bank Qualified Status.** The Certificates are hereby designated qualified tax exempt obligations for purposes of Section 265(b)(3) of the Code. In order to qualify the Certificates as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code, the District makes the following factual statements and representations:

- (a) the Certificates are not “private activity bonds” as defined in Section 141 of the Code;
- (b) the District designates the Certificates as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code;
- (c) 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 District (and all subordinate entities of the County) during calendar year 2025 will not exceed \$10,000,000; and
- (d) not more than \$10,000,000 of obligations issued by the District during calendar year 2025 have been designated for purposes of Section 265(b)(3) of the Code.

### **Article VIII Continuing Disclosure**

**Section 8.01. Continuing Disclosure Undertaking.** The Board (a) authorizes and directs any District officer to execute and deliver, on the date of the issuance of the Certificates, a continuing disclosure undertaking (the “**Undertaking**”) in such form that satisfies the requirements of Rule 15c2-12 and is acceptable to the Underwriter and bond counsel and (b) covenants that it will comply with and carry out all of the provisions of the Undertaking. A description of this undertaking is set forth in the Official Statement. Notwithstanding any other provisions of this Resolution or the Undertaking, failure of the District to comply with the Undertaking will not be considered a default under this Resolution or the Certificates; however,

any Certificate Holder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this subparagraph and the Undertaking. For purposes of this subparagraph, “**Beneficial Owner**” means any person who (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (ii) is treated as the owner of any Certificates for federal income tax purposes.

## **Article IX Credit Enhancement Act**

The Board hereby covenants and obligates the District to be bound by and to use the provisions of Minnesota Statutes, Section 126C.55 (the “**Credit Enhancement Act**”) to guarantee payment of the principal of, the premium, if any, and the interest on the Certificates when due. The District shall comply with all procedures now or hereafter established by the Minnesota Department of Management and Budget and the Minnesota Department of Education pursuant to subdivision 2(c) of the Credit Enhancement Act and to take such actions as necessary to comply with the Credit Enhancement Act. The Chair of the Board, the Clerk of the District, and the superintendent and the business manager of the District are each authorized to execute any applicable forms of the Minnesota Department of Management and Budget or the Minnesota Department of Education. The Board understands and acknowledges that the provisions of the Credit Enhancement Act shall be binding on the District as long as any Certificates are outstanding.

The Board further covenants to deposit with the Registrar, at least three (3) business days prior to the date on which any payment of principal of, premium, if any, or interest on the Certificates is due, an amount sufficient to pay such payment. If the District believes it may be unable to pay the principal of, the premium, if any or the interest on the Certificates on the date any such payment is due, the District shall notify the Commissioner of the Department of Education as soon as possible, but not less than 15 business days before the date such payment is due. The District shall authorize and direct the Registrar to notify the Commissioner of the Department of Education if (i) the Registrar becomes aware of a potential payment default with respect to the Certificates or (ii) two (2) business days prior to the date a payment is due on the Certificates the Registrar does not have sufficient funds to make the payment due on such date.

## **Article X Authorization of Officers**

Without in any way limiting the power, authority, or discretion elsewhere herein granted or delegated, the Board hereby (a) authorizes and directs each officer, employee and agent of the District to carry out, or cause to be carried out, and to perform such obligations of the District and such other actions as they, or any one of them shall consider necessary, advisable, desirable, or appropriate in connection with this Resolution and the issuance, sale, and delivery of the Certificates, including, without limitation and whenever applicable, the execution and delivery thereof and of all other related documents, instruments, certificates, and opinions; and (b) delegates to each such officer, employee and agent the right, power, and authority to exercise her

or his own independent judgment and absolute discretion in determining and finalizing the terms, provisions, form and contents of each of the foregoing. The execution and delivery by any such officer, employee or agent of the District of any such documents, instruments, certifications, and opinions, or the doing by them of any act in connection with any of the matters which are the subject of this Resolution, shall constitute conclusive evidence of both the District's and their approval of all changes, modifications, amendments, revisions, and alterations made therein, and shall conclusively establish their absolute, unconditional, and irrevocable authority with respect thereto from the District and the authorization, approval, and ratification by the District of the documents, instruments, certifications, and opinions so executed and the action so taken.

\* \* \* \* \*

The motion was duly seconded by \_\_\_\_\_.

Upon vote taken on the foregoing resolution, the following voted in favor thereof:

\_\_\_\_\_  
\_\_\_\_\_;

the following voted against the same: \_\_\_\_\_;

and the following were absent or did not vote: \_\_\_\_\_.

Said Resolution having been voted upon favorably by a majority of the members of the Board,  
the same was by the Chairperson declared passed and adopted.

**EXHIBIT A**

**(FORM OF CERTIFICATE)**

**UNITED STATES OF AMERICA  
STATE OF MINNESOTA**

**INDEPENDENT SCHOOL DISTRICT NO. 507  
(NICOLLET PUBLIC SCHOOLS)**

**GENERAL OBLIGATION AID ANTICIPATION  
CERTIFICATE OF INDEBTEDNESS, SERIES 2025A**

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

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>CUSIP</u>
_____%	September 30, 2025	March 17, 2025	

**REGISTERED OWNER:** CEDE & CO.

**PRINCIPAL AMOUNT:** \_\_\_\_\_ DOLLARS

**INDEPENDENT SCHOOL DISTRICT NO. 507 (NICOLLET PUBLIC SCHOOLS), MINNESOTA**, a duly organized and existing independent school district, whose administrative offices are located in Nicollet, Minnesota (the “District”), hereby acknowledges itself to be indebted and for value received, promises to pay to the registered owner specified above, or registered assigns, the principal sum specified above on the maturity date specified above, and to pay interest thereon from the date of original issue specified above, or from the most recent interest payment date to which interest has been paid or duly provided for, at the rate per annum specified above, payable on the maturity date specified above, to the person in whose name this Certificate is registered at the close of business on the fifteenth day prior to the maturity date specified above (whether or not a business day). The interest hereon and, upon presentation and surrender hereof at the principal office of the Registrar described below, the principal hereof, are payable in lawful money of the United States of America by check or draft drawn on U.S. Bank Trust Company, National Association in St. Paul, Minnesota, as bond registrar, transfer agent and paying agent, or its successor designated under the resolution described herein (the “Registrar”).

This Certificate is one of an issue in the aggregate principal amount of \$890,000, issued by the District to be used for the purposes of anticipating receipt of certain unpaid state aids for schools receivable by the School District for the fiscal year in which this Certificate is issued, and is issued pursuant to and in full conformity with resolution adopted by the School Board on March 12, 2025 (the “Resolution”) and is issued pursuant to and in full conformity with the

Constitution and laws of the State of Minnesota thereunto enabling, including Minnesota Statutes, Chapter 475 and Sections 126C.50 through 126C.56, as amended.

The Certificates are issuable only in fully registered form, in denominations of \$5,000 or any integral multiple thereof, of single maturities. Capitalized terms used but not otherwise defined herein shall have the meanings given to such terms in the Resolution.

The principal hereof and interest hereon are payable from state and federal aids, as set forth in the Resolution. The full faith and credit and the taxing power of the District are irrevocably pledged for the payment of this Certificate and the District has obligated itself to levy ad valorem taxes on all taxable property in the District in the event of any deficiency of state and federal school aids pledged, which taxes may be levied without limitation as to rate or amount. The District has further covenanted to be bound by and to use the provisions of Minnesota Statutes, Section 126C.55, as amended (the "Credit Enhancement Act"), to guarantee payment of the principal of and the interest on the Certificates when due.

The Certificates are not subject to payment prior to maturity.

As provided in the Resolution and subject to certain limitations set forth therein, this Certificate is transferable upon the books of the District at the principal office of the Registrar, by the registered owner hereof in person or by the owner's attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or the owner's attorney, and may also be surrendered in exchange for Certificates of other authorized denominations. Upon such transfer or exchange, the District will cause a new Certificate or Certificates to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

The District and the Registrar may deem and treat the person in whose name this Certificate is registered as the absolute owner hereof, whether this Certificate is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the District nor the Registrar shall be affected by any notice to the contrary.

Notwithstanding any other provisions of this Certificate, so long as this Certificate is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Registrar shall pay all principal of and interest on this Certificate, and shall give all notices with respect to this Certificate, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the District.

The Certificates have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.



**IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED** that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed preliminary to and in the issuance of this Certificate in order to make it a valid and binding general obligation of the District in accordance with its terms, have been done, do exist, have happened and have been performed as so required, and that the issuance of this Certificate, together with all other indebtedness of the District outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the District to exceed any constitutional or statutory limitation of indebtedness.

This Certificate shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been executed by the Registrar by manual signature of one of its authorized representatives.

**IN WITNESS WHEREOF**, Independent School District No. 507 (Nicollet Public Schools), Minnesota, by its School Board, has caused this Certificate to be executed in its behalf by the facsimile signatures of the Chair of the Board and Clerk of the District, the District having no seal or said seal having been intentionally omitted as permitted by law.

**INDEPENDENT SCHOOL DISTRICT NO. 507  
(NICOLLET PUBLIC SCHOOLS), MINNESOTA**

/s/ (Facsimile)  
Chair of the Board

/s/ (Facsimile)  
School District Clerk

**REGISTRAR'S CERTIFICATE OF AUTHENTICATION**

This Certificate is one of the Certificates described in the within mentioned Resolution.

Date of Authentication: March 17, 2025

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**  
as Registrar and Paying Agent

By \_\_\_\_\_  
Authorized Signature

**ASSIGNMENT**

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

\_\_\_\_\_ the within Certificate and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer the Certificate 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 Certificate 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 Ad-15(a)(2).

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

Name and Address:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
(Include information for all joint owners if the Certificate is held by joint account.)

Please insert Social Security or other Tax Identification Number of Transferee.

[Empty rectangular box for Social Security or Tax Identification Number]

**EXHIBIT B**

**BLANKET ISSUER LETTER OF REPRESENTATIONS**

**The Depository Trust Company**

A subsidiary of the Depository Trust & Clearing Corporation

**BLANKET ISSUER LETTER OF REPRESENTATIONS**

(To be completed by Issuer and Co-Issuer(s), if applicable)

\_\_\_\_\_  
(Name of Issuer and Co-Issuer(s), if applicable)

\_\_\_\_\_  
(Date)

**The Depository Trust Company**  
570 Washington Blvd, 4th FL  
Jersey City, NJ 07310  
Attention: Underwriting Department

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request to be made eligible for deposit by The Depository Trust Company ("DTC").

Issuer is: **(Note: Issuer shall represent one and cross out the other.)**

[incorporated in] [formed under the laws of] \_\_\_\_\_.

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Very truly yours,

Note:  
Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

\_\_\_\_\_  
(Issuer)

By: \_\_\_\_\_  
(Authorized Officer's Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Street Address)

\_\_\_\_\_  
(City) (State) (Country) (Zip Code)

\_\_\_\_\_  
(Phone Number)

\_\_\_\_\_  
(E-mail Address)

**DTCC**

BLOR 06-2013

**EXHIBIT C**  
**COMPLIANCE POLICY**

Adopted March 12, 2025

Independent School District No. 507 (the “District”) hereby adopts this policy (this “Policy”) as its written policy for post-issuance tax compliance applicable to tax-advantaged loans, bonds, notes, leases, certificates of participation or similar obligations (collectively, “Obligations”) heretofore and hereafter issued or executed and delivered by it or on its behalf. This Policy is intended to supplement any previous post-issuance tax compliance policy that may have been adopted by the District and any procedures evidenced in writing by any tax document for any Obligations heretofore or hereafter issued, entered into or executed and delivered by it or on its behalf, the related information returns filed in connection with any Obligations and the instructions to such information returns.

1. **Responsible Person.** The District has assigned to the Superintendent of the District (the “Responsible Person”) the responsibility for ensuring post-issuance tax and remedial action compliance with the requirements of any tax and financing documents for Obligations. This responsibility is included in the job description for the Responsible Person, and such person has or will review any prior post-issuance tax compliance policy, this Policy, any tax documents for any Obligations heretofore or hereafter issued, entered into or executed and delivered by it or on its behalf, the related information returns, if any, filed in connection with any Obligations (such as IRS Forms 8038 and 8038-G) and the instructions to such information returns, and consult with bond or tax counsel and other professionals as needed.

2. **Succession Planning.** The District will ensure that, when the current Responsible Person leaves such person’s current position at the District, the responsibility for financing and tax covenant compliance will be explained in detail to such person’s successor and such successor will be provided compliance training (as further described in the following section).

3. **Training.** Compliance training for the Responsible Person should include, among other things, annual meetings with bond counsel to discuss monitoring compliance with applicable tax laws and attendance at post-issuance tax compliance trainings organized by bond counsel or applicable industry associations.

4. **Procedures for Timely Expenditure of Proceeds.** The District understands that at least 85 percent of the net sale proceeds of new money Obligations must be spent to carry out the projects financed with the proceeds of the Obligations within three years of the date such Obligations are originally issued, entered into or executed and delivered. The District will treat as “sale proceeds” any amounts actually or constructively received by the District from issuance or execution and delivery of the Obligations, including amounts used to pay accrued interest other than pre-issuance accrued interest. “Net sale proceeds” means the sale proceeds less any amounts deposited into reasonably required reserve or replacement or rental payment reserve funds. The District has established or will establish reasonable accounting procedures for tracking and reporting to the Responsible Person the expenditure of net sale proceeds.

5. **Compliance with Arbitrage Yield Restriction and Rebate Requirements.** The Responsible Person will create a system to ensure that for all applicable Obligations, not less than six months prior to each five-year anniversary of the closing date for Obligations, the District will retain an arbitrage rebate consultant to prepare a report determining the yield of the Obligations under the Internal Revenue Code of 1986 (the “Code”) and whether there is any amount owed to the Internal Revenue Service under Section 148 of the Code.

6. **Ongoing Policy.** The Responsible Person will review any prior policy, this Policy, tax and financing documents relating to Obligations, information returns for obligations and related instructions to such information returns, and the status and use of the property financed or refinanced by the Obligations (the “Financed Property”) *on at least an annual basis and at the following intervals:* (a) six months prior to each five-year anniversary of the issue or execution and delivery date of the Obligations; (b) within 30 days of the date the Obligations are finally retired, defeased, refunded or terminated; (c) when any rebate payment is made; (d) when the Financed Property is “Placed in Service” (which means the date on which, based on all facts and circumstances, the property reaches a degree of completion that will permit its operation at substantially its design level and the property is, in fact, in operation at such level); (e) if the District determines that the Financed Property will not be completed; and (f) if any of the representations, statements, circumstances or expectations of the District that are set forth in the tax or financing documents for Obligations are no longer true, have changed or have not come to pass as described in such documents. This review will be made for the purposes of identifying any possible violation of federal tax requirements related to Obligations and to ensure the timely correction of those violations pursuant to the remedial action provisions outlined below or through the Voluntary Closing Agreement Program. If any possible violation is identified, the Responsible Person will notify the District and the District’s counsel or the District’s bond counsel so that any existing or expected violation can be corrected.

7. **Final Allocation.** With respect to any new money Obligations, once the Financed Property relating to the new money Obligations has been Placed in Service, the Responsible Person will identify all investment earnings from any investment of proceeds of the Obligations (such proceeds together with such investment earnings are hereinafter referred to as “Proceeds”), compile and reconcile all expenditures of such Proceeds to identify the specific costs paid from such Proceeds and the dates such costs were paid, identify the economic useful lives of each asset financed by the Proceeds and identify the payee or payees who received the Proceeds. The Responsible Person will retain such information with its books and records for the Obligations in the manner and for the duration required by Section 9 below.

8. **Additional Policies and Procedures.** The District acknowledges that certain types of Obligations, such as tax credit obligations, may have special rules regarding the timely expenditure of proceeds, arbitrage yield restriction and rebate requirements and remediation requirements, all of which will be described in the tax certificates for the Obligations. Such rules are incorporated herein (except to the extent that this Policy been revised to incorporate any of such rules), and the District agrees to follow such rules with respect to Obligations, if applicable.

9. **Recordkeeping.** The Responsible Person will develop and implement a system for maintaining records relating to this Policy. Such records must be kept and maintained for the life of the related Obligations, and any Obligations that refund or refinance such obligations, plus

at least four years (or such longer period as may be required in related tax documents for such obligations). These records may be maintained on paper, by electronic media or by any combination thereof.

10. **Procedures to Comply with Remediation Requirements.** The Responsible Person will establish and maintain a system for tracking and monitoring the use of the Financed property to ensure that the use of all such property will not violate the private business tests or the private loan financing test under Section 141 of the Code. If, after the issuance or execution and delivery of Obligations, the use of the Financed Property changes so that the private business tests or the private loan financing test would be met, or if another violation of this Policy occurs which requires correction, the District will, in connection with consulting bond counsel, undertake a closing agreement through the Voluntary Closing Agreement Program of the Internal Revenue Service or take one of the remedial actions described in the next section, if available.

11. **Remedial Action Procedures.** If a deliberate action is taken with respect to the Obligations and the Financed Property subsequent to the issuance or execution and delivery of the Obligations which action is not in compliance with the tax requirements of the Code or Regulations (a “Deliberate Action”), then the Responsible Person should consult with bond counsel regarding permissible remedial actions that may be taken to remediate the effect of any such Deliberate Action upon the federal tax status of the Obligations. Possible remedial actions, and the conditions to taking any such remedial actions, include (but are not necessarily limited to) the actions described below.

(a) Conditions to Remedial Actions. None of the remedial actions described in (b) below are available to remediate the effect of any Deliberate Action with respect to the Obligations and the Financed Property unless the following conditions have been satisfied and unless bond counsel advises otherwise:

(i) the District reasonably expected on the date the Obligations were originally issued or executed and delivered that the Obligations would meet neither the private business tests nor the private loan financing test of Section 141 of the Code and the Regulations thereunder for the entire term of the Obligations (such expectations may be based on the representations and expectations of the applicable conduit borrower, if there is one);

(ii) the average weighted maturity of the Obligations did not, as of such date, exceed 120 percent of the average economic life of the Financed Property;

(iii) unless otherwise excepted under the Regulations, the District delivers a certificate, instrument or other written records satisfactory to bond counsel demonstrating that the terms of the arrangement pursuant to which the Deliberate Action is taken is bona fide and arm’s-length, and that the non-exempt person using either the Financed Property or the proceeds of the Obligations as a result of the relevant Deliberate Action will pay fair market value for the use thereof;

(iv) any disposition must be made at fair market value and any Disposition Proceeds (defined below) actually or constructively received by the District as a result of

the Deliberate Action must be treated as gross proceeds of the Obligations and may not be invested in obligations bearing a yield in excess of the yield of the Obligations subsequent to the date of the Deliberate Action; and

(v) Proceeds of the Obligations affected by the remedial action must have been allocated to expenditures for the Financed Property or other allowable governmental purposes before the date on which the Deliberate Action occurs (except to the extent that redemption or defeasance, if permitted, is undertaken, as further described in (b)(i) below).

“Disposition Proceeds,” as such term is used in this section 11, means any amounts (including property, such as an agreement to provide services) derived from the sale, exchange or other disposition of property (other than investments) financed with the proceeds of the Obligations.

(b) Types of Remedial Action. Subject to the conditions described in (a) above, and only if the District obtains an opinion of bond counsel prior to taking any of the actions below to the effect that such actions will not adversely affect the excludability of interest on the Obligations from gross income for federal income tax purposes, remedial actions including but not limited to those listed below may be available to remediate a Deliberate Action subsequent to the issuance of the Obligations:

(i) *Redemption or Defeasance of Obligations.*

(A) If the Deliberate Action causing either the private business use test or the private loan financing test of Section 141 of the Code and the Regulations thereunder to be satisfied consists of a fair market value disposition of any portion of the Financed Property exclusively for cash, then the District may allocate the Disposition Proceeds to the redemption of Nonqualified Obligations (defined below) *pro rata* across all the then-outstanding maturities of the Obligations at the earliest call date of such maturities of the Obligations after the taking of the Deliberate Action. If any of the maturities of the Obligations outstanding at the time of the taking of the Deliberate Action are not callable within 90 days of the date of the Deliberate Action, the District may (subject generally to the limitations described in (C) below) allocate the Disposition Proceeds to the establishment of a Defeasance Escrow (defined below) for any such maturities of the Obligations within 90 days of the taking of such Deliberate Action.

(B) If the Deliberate Action consists of a fair market value disposition of any portion of the Financed Property for other than exclusively cash, then the District may use any funds (other than proceeds of the Obligations or proceeds of any obligation the interest on which is excludable from gross income for federal income tax purposes) for the redemption of all Nonqualified Obligations within 90 days of the date that such Deliberate Action was taken. In the event that insufficient maturities of the Obligations are callable by the date which is within 90 days after the date of the Deliberate Action, then such funds may be used for the establishment of a Defeasance Escrow within 90 days of the date of the



Deliberate Action for all the maturities of the Nonqualified Obligations not callable within 90 days of the date of the Deliberate Action.

(C) If a Defeasance Escrow is established for any maturities of Nonqualified Obligations that are not callable within 90 days of the date of the Deliberate Action, written notice must be provided to the Commissioner of Internal Revenue Service at the times and places as may be specified by applicable regulations, rulings or other guidance issued by the Department of the Treasury or the Internal Revenue Service. Note that the ability to create a Defeasance Escrow applies only if the Obligations to be defeased and redeemed all mature or are callable within ten and one-half (10.5) years of the date the Obligations are originally issued or executed and delivered. If the Obligations are not callable within ten and one-half years, and none of the other remedial actions described below are applicable, the remainder of this section 11 is for general information only, and bond counsel must be contacted to discuss other available options.

“Nonqualified Obligations,” as such term is used in this section 11, means that portion of the Obligations outstanding at the time of a Deliberate Action in an amount that, if the outstanding Obligations were issued or executed and delivered on the date on which the Deliberate Action occurs, the outstanding Obligations would not satisfy the private business use test or the private loan financing test, as applicable. For this purpose, the amount of private business use is the greatest percentage of private business use in any one-year period commencing with the Deliberate Action.

“Defeasance Escrow,” as such term is used in this section 11, means an irrevocable escrow established to redeem Obligations on their earliest call date in an amount that, together with investment earnings thereon, is sufficient to pay all the principal of, and interest and call premium on, obligations from the date the escrow is established to the earliest call date. A Defeasance Escrow may not be invested in higher yielding investments or in any investment under which the obligor is a user of the proceeds of the obligations.

(ii) *Alternative Use of Disposition Proceeds.* Use of any Disposition Proceeds in accordance with the following requirements may be treated as a Remedial Action with respect to the Obligations:

(A) the Deliberate Action consists of a disposition of all or any portion of the Financed Property for not less than the fair market value thereof for cash;

(B) the District reasonably expects to expend the Disposition Proceeds resulting from the Deliberate Action within two years of the date of the Deliberate Action;

(C) the Disposition Proceeds are treated as Proceeds of the Obligations for purposes of Section 141 of the Code and the Regulations thereunder, and the use of the Disposition Proceeds in the manner in which such Disposition Proceeds

are in fact so used would not cause the Disposition Proceeds to satisfy the private activity bond tests;

(D) no action is taken after the date of the Deliberate Action to cause the private activity bond tests to be satisfied with respect to the Obligations, the Financed Property or the Disposition Proceeds (other than any such use that may be permitted in accordance with the Regulations); and

(E) Disposition Proceeds used in a manner that satisfies the private activity bond tests or which are not expended within two years of the date of the Deliberate Action must be used to redeem or defease Nonqualified Obligations in accordance with the requirements set forth in (i) above.

(iii) *Alternative Use of Facilities.* The District may be considered to have taken sufficient remedial actions to cause the Obligations to continue their applicable treatment under federal tax law if, subsequent to taking any Deliberate Action with respect to all or any portion of the Financed Property:

(A) the portion of the Financed Property subject to the Deliberate Action is used for a purpose that would be permitted for qualified tax-exempt obligations;

(B) the disposition of the portion of the Financed Property subject to the Deliberate Action is not financed by a person acquiring the Financed Property with proceeds of any obligation the interest on which is exempt from gross income under Section 103 of the Code for purposes of federal income taxation; and

(C) any Disposition Proceeds other than those arising from an agreement to provide services (including Disposition Proceeds arising from an installment sale) resulting from the Deliberate Action are used to pay the debt service on the Obligations on the next available payment date or, within 90 days of receipt thereof, are deposited into an escrow that is restricted as to the investment thereof to the yield of the Obligations to pay debt service on the Obligations on the next available payment date.

Absent an opinion of bond counsel, no Remedial Actions are available to remediate the satisfaction of the private security or payment test regarding the same with respect to the Obligations. Nothing herein is intended to prohibit Remedial Actions not described herein that may become available subsequent to the date the Obligations are originally issued or executed and delivered to remediate the effect of a Deliberate Action taken with respect to the Obligations, the proceeds thereof or the Financed Property.