

RESOLUTION

Authorizing the Issuance of Full Term Refunding Certificates of Participation, Series 2018B

BE IT RESOLVED, by the School Board (the "School Board") of Independent School District No. 709 (Duluth), St. Louis County, Minnesota (the "District"), as follows:

Section 1. Authority and Background.

1.01 Pursuant to the authority contained in Minnesota Statutes, Section 126C.40, Subd. 6 (the "Act"), the District is authorized to purchase real or personal property under an installment contract or may lease real or personal property with an option to purchase under a lease purchase agreement upon application to, and approval by, the Minnesota Commissioner of Education.

1.02 The School Board has approved a Long-Range Facilities Plan (the "Plan"), and the Commissioner of Education has approved the District's borrowing under the Act to finance the purchase of real and personal property for the projects set forth in the Plan as described in the Contract, as hereinafter defined (the "Project").

1.03 By Resolution No. B-5-08-2541, adopted May 29, 2008, the School Board determined that it was necessary, expedient and in the best educational interests of the District's pupils and residents that the District enter into an installment purchase contract pursuant to the Act to finance the costs of the Project and issuing full term certificates of participation in the installment payments under the installment purchase contract in the maximum principal amount of \$111,440,000 pursuant to a declaration of trust.

1.04 Pursuant to the Act, the District applied to the Commissioner of Education for permission to make an additional levy for the installment payments under the Contract to finance the Project, and the Commissioner authorized the Project and the levy.

1.05 The District selected U.S. Bank National Association, St. Paul, Minnesota (the "Trustee") to act as vendor and the trustee as follows: the Trustee, as vendor, entered into an Installment Purchase Contract dated as of June 1, 2008 (the "Contract"), with the District regarding the acquisition, construction and equipping of the Project, and the District and the Trustee entered into a Declaration of Trust dated as of June 1, 2008 (the "Declaration"), pursuant to which Full Term Certificates of Participation, Series 2008B, in the installment payments under the Contract in the principal amount of \$111,440,000 (the "2008 Certificates"), were executed and delivered by the Trustee.

1.06 Pursuant to an approval from the Commissioner of Education, the District has entered into an Amendment to Installment Purchase Contract dated as of October 1, 2010, with the Trustee which amended the Contract and a Supplement to Declaration of Trust dated as of October 1, 2010 with the Trustee, which supplemented the Declaration, in connection with the \$5,000,000 Full Term Certificates of Participation, Series 2010C dated October 1, 2010 (the "2010C Certificates"), the proceeds of which financed the Project, as amended.

1.07 Pursuant to an approval from the Commissioner of Education, the District has entered into an Amendment to Installment Purchase Contract dated as of June 1, 2012, with the

Trustee which amended the Contact, as amended, and a Supplement to Declaration of Trustee, dated as of June 1, 2012, which supplemented the Declaration, as supplemented, in connection with the \$12,800,424.50 Full Term Capital Appreciation Certificates of Participation, Series 2012A, dated June 27, 2012, the proceeds of which financed the Project, as amended.

1.08 Under and pursuant to the Act and Minnesota Statutes 475, Subdivision 1 through 12, the District refinanced the outstanding 2008 Certificates through the issuance of \$82,605,000 Full Term Refunding Certificates of Participation, Series 2016A, dated as of August 17, 2016.

1.09 Under and pursuant to the Act and Minnesota Statutes, Section 475, Subdivision 1 through 4, the District hereby determines that it is necessary, in order to reduce debt service costs, to refinance the outstanding 2010C Certificates through the issuance of Full Term Refunding Certificates of Participation, Series 2018B (the “2018B Certificates”).

Section 2. Sale of 2018B Certificates.

2.01 The District has retained PMA Securities, Inc., in Albertville, Minnesota (“PMA”), as independent financial advisor in connection with the sale of the 2018B Certificates. The School Board desires to proceed with the sale of the 2018B Certificates by direct negotiation to Northland Securities, Inc., in Minneapolis, Minnesota (“Northland”), as underwriter.

2.02 Any officer of the School Board and the Superintendent (the “Pricing Committee”), are hereby authorized to approve the sale of the 2018B Certificates and to execute a bond purchase agreement for the purchase of the 2018B Certificates with Northland.

2.03 Upon approval of the sale of the 2018B Certificates by the Pricing Committee, the School Board will take action at a regular or special meeting to adopt the necessary approving resolution prepared by the District’s bond counsel.

2.04 PMA is authorized to prepare and Northland is authorized to distribute an official statement related to the sale of the 2018B Certificates.

2.05 If the Pricing Committee has not approved the sale of the 2018B Certificates to Northland and executed the related bond purchase agreement by December 31, 2018, this resolution shall expire.

Section 3. 2018B Certificates Documents. The form, specifications and provisions for the issuance and repayment of the 2018B Certificates shall be set forth in a subsequent resolution of the School Board, in an amendment to the Contract and in a supplement to the Declaration.

Section 4. Minnesota School District Credit Enhancement Program.

4.01 The District hereby covenants and obligates itself to notify the Commissioner of Education of a potential default in the payment of principal and interest on the 2018B Certificates and to use the provisions of Minnesota Statutes, Section 126C.55 to guarantee payment of the principal and interest on the 2018B Certificates when due. The District further covenants to deposit with the Trustee, as bond registrar and paying agent for the 2018B Certificates, or any successor paying agent (the “Bond Registrar”) three days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the Commissioner of Education that it

will be unable to make all or a portion of that payment. The Bond Registrar for the 2018B Certificates is authorized and directed to notify the Commissioner of Education if it becomes aware of a potential default in the payment of principal or interest on the 2018B Certificates or if, on the day two business days prior to the date a payment is due on the 2018B Certificates, there are insufficient funds to make that payment on deposit with the Bond Registrar. The District understands that as a result of its covenant to be bound by the provisions of Minnesota Statutes, Section 126C.55, the provisions of that section shall be binding as long as any 2018B Certificates of this issue remain outstanding.

4.02 The District further covenants to comply with all procedures now or hereafter established pursuant to Minnesota Statutes, Section 126C.55, Subdivision 2(c) by the Minnesota Department of Management and Budget and the Minnesota Department of Education and otherwise to take such actions as necessary to comply with that section. The Chair, Clerk or Superintendent is authorized to execute any applicable Minnesota Department of Education forms.