

RESOLUTION PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY
OF \$8,900,000 GENERAL OBLIGATION SCHOOL BUILDING
REFUNDING BONDS, SERIES 2010A,
OF INDEPENDENT SCHOOL DISTRICT NO. 709;
ESTABLISHING THE TERMS AND CONDITIONS THEREFOR;
DIRECTING THEIR EXECUTION AND DELIVERY;
CREATING A DEBT SERVICE FUND THEREFOR;
AND AWARDING THE SALE THEREOF

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. Bond Purpose, Authorization and Award.

1.01 The District previously issued its \$13,710,000 General Obligation School Building Refunding Bonds, Series 2001B, dated November 1, 2001 (the "2001 Bonds").

1.02 Under and pursuant to the provisions of Minnesota Statutes, Chapter 475 (the "Act") and Section 475.67, Subdivisions 1 through 4 of the Act, the District is authorized to issue and sell its general obligation bonds to refund obligations and the interest thereon before the due date of the obligations, if consistent with covenants made with the holders thereof, when determined by the District to be necessary or desirable for the reduction of debt service costs to the District or for the extension or adjustment of maturities in relation to resources available for their payment.

1.03 The School Board hereby determines that in order to reduce debt service costs to the District, it is necessary, expedient and in the best educational interest of the District's pupils and citizens that the District issue, sell and deliver its \$8,900,000 General Obligation School Building Refunding Bonds, Series 2010A (the "Bonds"), to refund the outstanding 2001 Bonds maturing on and after February 1, 2011 (the "Refunded Bonds"), of which \$8,755,000 in principal amount is subject to prepayment and redemption on March 30, 2010. (March 30, 2010 is herein referred to as the "Redemption Date.")

1.04 Northland Securities, Inc., financial consultant to the District, has given notification as required by the Act to at least five firms determined by Northland Securities, Inc. to be prospective bidders on the Bonds at least two days (omitting Saturdays, Sundays, and legal holidays) before the date set for receipt of bids on the Bonds.

1.05 Pursuant to such solicitation for bids for the sale of the Bonds, the School Board has received and considered all bids presented pursuant to the official terms of offering and has determined that the most favorable bid is that of _____ of _____, _____ (the "Purchaser"), to purchase the Bonds at a cash price of \$_____ plus accrued interest on the total principal amount from March 1, 2010, to the date of delivery and upon the terms and conditions hereafter specified in this Resolution. The School Board, after due consideration, finds such offer reasonable and proper and most favorable to the District, and the offer of the Purchaser is hereby accepted. The Chair and the Clerk are hereby authorized and directed to execute on the part of the District a contract for the sale of the Bonds in accordance with the Purchaser's bid, and to acknowledge receipt of the good faith check given as security for the bid. All actions of the Chair and the Clerk with regard to the sale of the Bonds are hereby ratified and approved. The Treasurer of the District is directed to deposit the good faith check of the Purchaser.

Section 2. Terms of the Bonds.

2.01 The Bonds to be issued hereunder shall be dated March 1, 2010, as of the date of original issue, shall be issued in the denomination of \$5,000, or any integral multiple thereof, in fully registered form and lettered and numbered R-1 and upward. The Bonds shall bear interest at the annual rates indicated below and shall mature on February 1 in the following respective years and amounts:

Year	Amount	Interest Rate
2011	\$1,695,000	____%
2012	\$2,020,000	____%
2013	\$2,050,000	____%
2014	\$2,065,000	____%
2015	\$530,000	____%
2016	\$549,000	____%

2.02 Interest Payment Dates; Record Date.

A. The Bonds shall bear interest at the annual rates stated therefor in Section 2.01. The interest shall be payable semiannually on August 1 and February 1 in each year (each referred to herein as an "Interest Payment Date") commencing on August 1, 2010. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board.

B. The Bond Registrar designated below shall make all interest payments with respect to the Bonds by check or draft mailed to the person in whose name each Bond is registered (the "Holder") and in each case at the address shown on the bond registration records maintained by the Bond Registrar at the close of business on the 15th day (whether or not on a business day) of the calendar month next preceding the Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date fixed for the payment of such defaulted interest (the "Special Record Date"). The Special Record Date shall be fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest and notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten (10) days prior thereto. The term "Holder" shall also include those lawfully entitled to take actions on behalf of the beneficial owners of the Bonds for purposes of any consent or approvals given by Holders.

C. If the date for payment of the principal of, premium, if any, or interest on the Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the City of New York, New York, or the city where the principal office of the Bond Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

2.03 Redemption. A. The Bonds maturing in the year 2011 shall not be subject to redemption and prepayment before maturity, but those maturing in the year 2012 and in subsequent years shall each be subject to redemption and prepayment at the option of the District on August 1, 2011, and on any date thereafter, in whole or in part, and if in part, at the option of the District. The prepayments shall be at a price equal to the principal amount thereof plus accrued interest.

B. In the event any of the Bonds are called for prepayment and redemption pursuant to Section 2.03A., notice thereof identifying the Bonds to be redeemed will be given by the Bond Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid) at least 30 days but not more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books kept by the Bond Registrar; provided, however, that so long as the Bonds are registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), notice of redemption shall be given in accordance with the terms of the Representation Letter hereinafter described. Failure to give notice by mail to any registered owner, or any defect therein, will not affect the validity of any proceeding for the redemption of Bonds not affected by such defect or failure. Bonds so called for redemption will cease to bear interest after the specified redemption date, provided that the funds for the redemption are on deposit with the place of payment at that time.

C. If less than all the Bonds of a maturity are called for redemption while the Bonds are registered in the name of Cede & Co., the District or the Bond Registrar designated below will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant’s interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed. If less than all the Bonds of a maturity are called for redemption and the Bonds are not registered in the name of Cede & Co., the Bond Registrar will determine by lot or other manner deemed fair, the amount of each maturity to be redeemed. All prepayments shall be at a price equal to the principal amount thereof plus accrued interest.

2.04 A. The Bonds shall be prepared for execution in accordance with the approved form and shall be signed by the manual or facsimile signature of the Chair and attested by the manual or facsimile signature of the Clerk. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be an officer before delivery of the Bonds, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery.

B. The Clerk is authorized and directed to obtain a copy of the proposed approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A. of Duluth, Minnesota, which is to be complete and cause the opinion to be attached to each Bond, together with a certificate to be signed by the manual signature of the Clerk in substantially the form set forth in Section 3.01, but only if the opinion is not manually executed. The Clerk is authorized and directed to execute the certificate in the name of the District upon receipt of the opinion, if required by the preceding sentence, and to file the opinion in the District offices.

2.05 A. The District hereby appoints U.S. Bank National Association in St. Paul, Minnesota, as registrar, authenticating agent, paying agent and transfer agent for the Bonds (such bank or its successors is herein referred to as the “Bond Registrar”). No Bond shall be valid or obligatory for any purpose unless or until the Bond Registrar’s authentication certificate on such Bond, substantially set forth in Section 3.01 hereof, shall have been duly executed by an authorized representative of the Bond Registrar. Authentication certificates on different Bonds need not be signed by the same representative. The executed Authentication Certificate on each Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution.

B. The District shall cause to be kept at the principal corporate office of the Bond Registrar a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the District shall provide for the registration of the Bonds and the registration of transfers of the Bonds entitled to be registered or transferred as herein provided. In the event of the resignation or removal of

the Bond Registrar or its incapability of acting as such, the bond registration records shall be maintained at the office of the successor Bond Registrar as may be appointed by the School Board.

C. At the option of the registered owners, the Bonds may be exchanged for other Bonds of any authorized denomination, of a like aggregate principal amount, maturing upon the same date, upon surrender of the Bonds to be exchanged at the principal corporate office of the Bond Registrar. Whenever any Bonds are so surrendered for exchange, the District shall execute and the Bond Registrar shall authenticate, if required by law or this Resolution, and deliver the Bonds which the registered owner making the exchange is entitled to receive. Upon surrender for transfer of any Bond at the principal corporate office of the Bond Registrar, the District shall execute and the Bond Registrar shall authenticate, if required by law or this Resolution, and deliver, in the names(s) of the designated transferee(s), one or more new bonds of a like aggregate principal amount, as requested by the transferor. All Bonds surrendered upon the exchange provided for in this Resolution shall be promptly cancelled by the Bond Registrar and thereafter disposed of as directed by the School Board. All Bonds issued in exchange for or upon transfer of the Bonds shall be valid obligations of the District evidencing the same debt and entitled to the same benefits under this Resolution as the Bonds surrendered for such exchange or transfer. Every Bond presented for a transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the District and the Bond Registrar, duly executed by the registered owner thereof or the owner's attorney duly authorized in writing. The District or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of the Bonds, other than exchange expressly provided in this Resolution to be made, without expense or without charge to the registered owner.

D. Each Bond delivered upon transfer of or in exchange for or in lieu of any other Bond shall carry all of the rights to interest, accrued and unpaid and to accrue, which are carried by such other Bond. Each Bond shall be dated by the Bond Registrar as of the date of its authentication or manual execution, as the case may be. The District and the Bond Registrar shall not be required (i) to make any transfer or exchange during the 15 days next preceding any Interest Payment Date, (ii) to make any transfer or exchange of any Bonds called for redemption, or (iii) to make any such exchange or transfer of the Bonds during the 15 days next preceding the date of the first publication or the mailing (if there is no publication) of notice of redemption in the case of a proposed redemption of the Bonds.

2.06 Book-Entry System.

A. In order to make the Bonds eligible for the services provided by DTC, the District has previously agreed to the applicable provisions set forth in the Blanket Issuer Letter of Representations which has been executed by the District and DTC (the "Representation Letter").

B. Notwithstanding any provision herein to the contrary, so long as the Bonds shall be in Book-Entry Form, the provisions of this Section 2.06 shall govern.

C. All of the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest on and principal of any Bond registered in the name of Cede & Co. shall be made by wire transfer or New York Clearing House or equivalent same day funds by 10:00 a.m. CT or as soon as possible thereafter following the Bond Registrar's receipt of funds from the District on each Interest Payment Date to the account of Cede & Co. on each Interest Payment Date at the address indicated in or pursuant to the Representation Letter.

D. DTC (or its nominees) shall be and remain recorded on the Bond Register as the holder of all Bonds which are in Book-Entry Form. No transfer of any Bond in Book-Entry Form shall be made,

except from DTC to another depository (or its nominee) or except to terminate the Book-Entry Form. All Bonds of such stated maturity of any Bonds in Book-Entry Form shall be issued and remain in a single Bond certificate registered in the name of DTC (or its nominee); provided, however, that upon termination of the Book-Entry Form pursuant to the Representation Letter, the District shall, upon delivery of all Bonds of such series from DTC, promptly execute, and the Bond Registrar shall thereupon authenticate and deliver, Bonds of such series to all persons who were beneficial owners thereof immediately prior to such termination; and the Bond Registrar shall register such beneficial owners as holders of the applicable Bonds.

The Bond Registrar shall maintain accurate books and records of the principal balance, if any, of each such outstanding Bond in Book-Entry Form, which shall be conclusive for all purposes whatsoever. Upon the authentication of any new Bond in Book-Entry Form in exchange for a previous Bond, the Bond Registrar shall designate thereon the principal balance remaining on such bond according to the Bond Registrar's books and records.

No beneficial owner (other than DTC) shall be registered as the holder on the Bond Register for any Bond in Book-Entry Form or entitled to receive any bond certificate. The beneficial ownership interest in any Bond in Book-Entry Form shall be recorded, evidenced and transferred solely in accordance with the Book-Entry System.

Except as expressly provided to the contrary herein, the District and the Bond Registrar may treat and deem DTC to be the absolute owner of all Bonds of each series which are in Book-Entry Form (i) for the purpose of payment of the principal of and interest on such Bond, (ii) for the purpose of giving notices hereunder, and (iii) for all other purposes whatsoever.

E. The District and the Bond Registrar shall each give notices to DTC of such matters and at such times as are required by the Representation Letter, including the following:

- (i) with respect to notices of redemption; and
- (ii) with respect to any other notice required or permitted under this Bond Resolution to be given to any holder of a Bond.

All notices of any nature required or permitted hereunder to be delivered to a holder of a Bond in Book-Entry Form shall be transmitted to beneficial owners of such Bonds at such times and in such manners as shall be determined by DTC, the participants and indirect participants in accordance with the Book-Entry System and the Representation Letter.

F. All payments of principal, redemption price of and interest on any Bonds in Book-Entry Form shall be paid to DTC (or Cede & Co.) in accordance with the Book-Entry System and the Representation Letter in same day funds by wire transfer.

2.07 Lost or Damaged Bonds. If a Bond becomes mutilated or is destroyed, stolen or lost, the Bond Registrar will deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of and in substitution for any Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Bond Registrar and the District in connection therewith, including the cost of printing new Bonds; and, in the case of a Bond destroyed, stolen or lost, upon filing with the Bond Registrar and the District of evidence satisfactory to them that the Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Bond Registrar and the District of an appropriate bond or indemnity in form, substance and amount satisfactory to them and as provided by law, in which both the District and the Bond

Registrar must be named as obligees. Bonds so surrendered to the Bond Registrar will be canceled by the Bond Registrar and evidence of such cancellation must be given to the District. If the mutilated, destroyed, stolen or lost Bond has already matured or been called for redemption in accordance with its terms, it is not necessary to issue a new Bond prior to payment.

2.08 Payment of Bonds.

A. The District and the Bond Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and interest on such Bond and for all other purposes whatsoever, whether or not such Bond be overdue, and neither the District nor the Bond Registrar shall be affected by notice to the contrary.

B. The principal of and interest on the Bonds shall be payable by the Bond Registrar in such funds as are legal tender for the payment of debts due the United States of America. The District shall pay the reasonable and customary charges of the Bond Registrar for the disbursement of principal and interest.

2.09 Delivery. Delivery of the Bonds and payment of the purchase price shall be made at a place mutually satisfactory to the District and the Purchaser. Printed or typewritten and executed Bonds shall be furnished by the District without cost to the Purchaser. The Bonds, when prepared in accordance with this Resolution and executed, shall be delivered by or under the direction of the Clerk to the Purchaser upon receipt of the purchase price plus accrued interest.

Section 3. Form of the Bonds.

3.01 The Bonds shall be printed or typewritten in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF ST. LOUIS

R-_____ \$ _____

INDEPENDENT SCHOOL DISTRICT NO. 709
(DULUTH)
GENERAL OBLIGATION SCHOOL BUILDING REFUNDING BOND,
SERIES 2010A

<u>Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
____%	February 1, ____	March 1, 2010	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS

Independent School District No. 709, St. Louis County, Minnesota (the "District"), for value received, promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above, and to pay interest on said principal amount to the registered owner hereof from the date of original issue, or from the most recent Interest Payment Date to which interest

has been paid or duly provided for, until the principal amount is paid, said interest being at the rate per annum specified above. Interest is payable semiannually on February 1 and August 1 of each year (each referred to herein as an "Interest Payment Date") commencing on August 1, 2010. Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the main office of U.S. Bank National Association, in St. Paul, Minnesota, as bond registrar, authenticating agent, paying agent and transfer agent (the "Bond Registrar"), or at the office of such successor Bond Registrar as may be designated by District. The Bond Registrar shall make all interest payments with respect to this Bond directly to the registered owner hereof shown on the bond registration records maintained on behalf of the District by the Bond Registrar at the close of business on the 15th day of the month next preceding the Interest Payment Date (whether or not a business day) at such owner's address shown on said bond registration records, without, except for payment of principal of the Bond, the presentation or surrender of this Bond, and all such payments shall discharge the obligation of the District to the extent of the payments so made. Payment of principal shall be made upon presentation and surrender of this Bond to the Bond Registrar when due. For the prompt and full payment of such principal and interest as they become due, the full faith and credit and taxing power of the District are irrevocably pledged.

This Bond is one of a series issued by the District in the aggregate amount of \$8,900,000, all of like date and tenor, except as to number, maturity date, denomination, redemption privilege and interest rate, pursuant to the authority contained in Minnesota Statutes, Chapter 475, Section 475.67, Subdivisions 1 through 4, and all other laws thereunto enabling, and pursuant to an authorizing resolution adopted by the governing body of the District on February 23, 2010 (the "Resolution"), for the purpose of providing money to refund, on a current refunding basis, on March 30, 2010 the outstanding principal amount of the District's \$13,710,000 General Obligation School Building Refunding Bonds, Series 2001B, dated November 1, 2001 (the "Refunded Bonds"). The Bonds are payable from a direct ad valorem tax levied upon all of the taxable property within the territory of the District, as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred. The principal and interest on the Bonds will be payable from an account in a special fund of the District entitled "2010 General Obligation School Building Refunding Bonds Debt Service Fund."

The Bonds of this series maturing in the year 2011 are not subject to redemption and prepayment prior to maturity, but the Bonds maturing in the year 2012 and subsequent years are subject to redemption and prepayment at the option of the District on August 1, 2011, and on any day thereafter, in whole or in part, and if in part at the option of the District and in such manner as the District shall determine and by lot as to Bonds maturing in the same year, at a price of par plus accrued interest.

Not more than 60 days and no fewer than 30 days prior to the date fixed for redemption and prepayment of any Bonds, notice of redemption shall be mailed to each registered owner of a Bond to be redeemed; provided, however, that so long as the Bonds are registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), notice of redemption shall be given in accordance with the terms of the Blanket Issuer Letter of Representations executed by the District and DTC.

If less than all the Bonds of a maturity are called for redemption while the Bonds are registered in the name of Cede & Co., the District or the Bond Registrar designated below will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed. If less than all the Bonds of a maturity are called for redemption and the Bonds are not registered in the name of Cede & Co., the Bond Registrar will determine by lot or other manner deemed fair, the amount of each maturity to be redeemed. All prepayments shall be at a price equal to the principal amount thereof plus accrued interest. If any Bond is redeemed in part, upon surrender of the Bond being redeemed, the District shall deliver or cause to be delivered to the registered owner of such Bond, a Bond in like form in the principal amount equal to that portion of the Bond so surrendered not being redeemed.

The District has qualified the Bonds for participation in the State of Minnesota program to preclude default of school district debt, pursuant to Minnesota Statutes, Section 126C.55. If the District is unable to make any portion of the principal or interest payments on the Bonds as they become due, the State of Minnesota has agreed to make such payment in the District's place.

The Bonds of this series are issued as fully registered bonds without coupons, in the denomination of \$5,000 or any integral multiple thereof. Subject to the limitations set forth in the Resolution, the District will, at the request of the registered owner, issue one or more new fully registered bonds in the name of the registered owner in the aggregate principal amount equal to the unpaid principal balance of this Bond, all of like tenor except as to number and principal amount. Subject to the limitations set forth in the Resolution, this Bond is transferable by the registered owner hereof upon surrender of this Bond for transfer at the principal corporate office of the Bond Registrar, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Bond Registrar and executed by the registered owner hereof or the owner's attorney duly authorized in writing. Thereupon the District 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 of an authorized denomination, an aggregate principal amount equal to the unpaid principal amount of this Bond, of the same maturity, and bearing interest at the same rate. No service charge shall be made for any transfer or exchange hereinbefore referred to, but the District may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

IT IS CERTIFIED AND RECITED that all acts and conditions required by the laws and the Constitution of the State of Minnesota to be done and to exist precedent to and in the issuance of this Bond, in order to make it a valid and binding general obligation of the District in accordance with its terms, have been done and do exist in form, time and manner as so required; that all taxable property within the limits of the District is subject to the levy of ad valorem taxes to the extent needed to pay the principal hereof and the interest hereon when due, without limitation as to rate or amount and that the issuance of this Bond does not cause the indebtedness of the District to exceed any constitutional or statutory limitation.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Bond Registrar's Authentication

Certificate hereon shall have been executed by the Bond Registrar by one of its authorized representatives.

IN WITNESS WHEREOF, Independent School District No. 709, St. Louis County, Minnesota, by its governing body, has caused this Bond to be executed in its name by the manual or facsimile signature of the Chair and attested by the manual or facsimile signature of the Clerk.

Date of Authentication: _____

ATTEST:

(Form-no signature required)
Clerk

(Form-no signature required)
Chair

BOND REGISTRAR'S AUTHENTICATION CERTIFICATE

The Bond Registrar confirms that the books reflect the ownership of the Bond registered in the name of the owner named above in the principal amount and maturing on the date stated above and this Bond is one of the Bonds of the series issued pursuant to the Resolution hereinabove described.

U.S. BANK NATIONAL ASSOCIATION
St. Paul, Minnesota
Bond Registrar

By _____
Authorized Representative

(Certificate as to Legal Opinion)

I certify that attached hereto is a full, true, and correct copy of the legal opinion rendered by Bond Counsel on the issuance of the \$8,900,000 General Obligation School Building Refunding Bonds, Series 2010A, of Independent School District No. 709, which includes the within Bond, dated as of the original date of delivery of and payment for the Bonds.

(Form-no signature required)
Clerk

REGISTRATION CERTIFICATE

This Bond must be registered as to both principal and interest in the name of the owner on the books to be kept by U.S. Bank National Association of St. Paul, Minnesota, as Bond Registrar. No transfer of this Bond shall be valid unless made on said books by the registered owner or the owner's attorney thereunto duly authorized and similarly noted on the registration books. The ownership of the unpaid principal balance of this Bond and the interest accruing thereon is registered on the books of U.S. Bank National Association in the name of the registered owner last noted below.

Date	Registered Owner	Signature of Bond Registrar
3/01/10	Cede & Co. c/o The Depository Trust Company 55 Water Street New York, NY 10041 Federal Taxpayer I.D. No.: 13-2555119	_____

ASSIGNMENT

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

(Name and Address of Assignee)

Social Security or Other
Identifying Number of Assignee

the within Bond and all rights thereunder and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

(Bank, Trust Company, member of
National Securities Exchange)

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the District or its agent for registration of transfer, exchange, or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR

OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Section 4. Covenants, Accounts and Tax Levies.

4.01 Debt Service Fund. A. For the convenience and proper administration of the monies to be borrowed and repaid on the Bonds and to provide adequate and specific security for the Purchaser and holders from time to time of the Bonds, there is hereby created a special account to be designated the 2010 General Obligation School Building Refunding Bonds Debt Service Fund (the "Debt Service Fund") within the District's Debt Service Fund to be administered and maintained by the Treasurer as a bookkeeping fund separate and apart from all other funds maintained in the official financial records of the District. The Debt Service Fund shall be maintained in the manner herein specified until all of the Bonds and interest thereon have been fully paid. There shall be maintained in the Debt Service Fund two separate accounts, to be designated the Prepayment Account and the Debt Service Account.

B. Debt Service Account. There is pledged and appropriated and there shall be credited to the Debt Service Account: (i) the Accrued Interest; (ii) the ad valorem taxes hereinafter levied; (iii) all funds remaining in the 2001 General Obligation School Building Refunding Bonds Debt Service Fund (the "Prior Debt Service Fund") created by the District's resolution dated October 30, 2001, authorizing the issuance and sale of the 2001 Bonds (the "Prior Resolution") after redemption of the Refunded Bonds on the Redemption Date; (iv) any and all other monies which are properly available and are appropriated by the governing body of the District to the Debt Service Account; and (v) investment earnings on the monies identified in the foregoing clauses (i) through (iv). The proceeds of the Bonds described in clause (i) of the preceding sentence shall be used for payment of interest on the Bonds.

The money in such account shall be used for no purpose other than the payment of principal and interest and redemption premium, if any, on the Bonds and any other general obligation bonds of the District hereafter issued by the District and made payable from said account as provided by law; provided, however, that if any payment of principal or interest shall become due when there is not sufficient money in the Debt Service Account, the Treasurer shall pay the same from any other fund of the District, which fund shall be reimbursed from the Debt Service Account when the balance therein is sufficient.

C. Prepayment Account. On receipt of the purchase price of the Bonds, the District shall credit (a) proceeds from the sale of the Bonds less amounts allocated to accrued interest paid by the Purchaser upon closing and delivery of the Bonds (the "Accrued Interest") to the Prepayment Account. From the Prepayment Account there shall be paid the amount necessary to pay the Refunded Bonds in full on the Redemption Date and pay all costs and expenses of issuing the Bonds including, but not limited to, costs of legal, financial advisory, and other professional services, printing and publication costs; and the monies in said account shall be used for no other purpose except as otherwise provided by law.

D. Prior Debt Service Fund. Upon redemption of the Refunded Bonds on the Redemption Date, the Prior Debt Service Fund shall be terminated, and all monies remaining therein not required to refund the Refunded Bonds shall be transferred to the Debt Service Account. All ad valorem taxes levied under the Prior Resolution and collected after the Redemption Date shall be deposited in the Debt Service Account.

E. The construction fund created by the Prior Resolution has been terminated and no monies remain therein.

4.02 To provide monies for payment of principal and interest on the Bonds when due, there is hereby levied a direct annual irrevocable ad valorem tax upon all taxable property in the territory of the District as direct, annual ad valorem taxes to be spread upon the tax rolls and collected with and as part of other general property taxes in the territory of the District. Said levies are for the years and in the amounts set forth in Attachment A hereto, which is incorporated by reference as though fully set forth herein. The tax levies are such that if collected in full they will produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the Bonds. The tax levies shall be irrevocable so long as any of the Bonds are outstanding and unpaid; provided, however, that on November 30 of each year, while any Bonds remain outstanding, the District shall reduce or cancel the above levies to the extent of funds available in the Debt Service Account to pay principal and interest due during the ensuing year, and shall direct the County Auditor to reduce the levy for such calendar year by that amount.

4.03 The School Board hereby covenants and obligates itself to be bound by the provisions of Minnesota Statutes, Section 126C.55. The School Board covenants to deposit with the Bond Registrar as paying agent three business days prior to any Interest Payment Date an amount sufficient to make the payment of principal and interest due or to notify the State of Minnesota Commissioner of Education not less than 15 working days prior to such Interest Payment Date that it is unable to make all or a portion of the payment due on such Interest Payment Date. All actions of the Chair, Clerk, District staff and Northland Securities, Inc. to qualify the Bonds under such program are ratified and approved.

4.04 It is hereby determined that upon the receipt of the proceeds of the Bonds (the "Proceeds") for payment of the Refunded Bonds that an irrevocable appropriation to the Prior Debt Service Fund shall have been made within the meaning of Section 475.61, Subdivision 3 of the Act and the Clerk is hereby authorized and directed to certify such fact to and request the County Auditor to cancel any and all tax levies made by the Prior Resolution, except for the levy for taxes payable in 2010 which shall be deposited in the Debt Service Account.

4.05 Investments. Monies on deposit in the Prepayment Account and in the Debt Service Account may, at the discretion of the Treasurer, be invested in securities permitted by Minnesota Statutes, Chapter 118A, that any such investments shall mature at such times and in such amounts as will permit for payment of project costs and/or payment of the principal and interest on the Bonds when due.

Section 5. Refunding; Findings; Redemption of Refunded Bonds.

5.01 It is hereby found and determined that based upon information presently available from the District's financial advisors, as of the date of the issuance of the Bonds, the issuance of the Bonds will result in a reduction of debt service cost to the District. The Bonds are being sold less than six months prior to the date the Refunded Bonds mature or are called for prepayment and redemption.

5.02 It is hereby found and determined that the Proceeds and Funds available and appropriated to the Prior Debt Service Fund will be sufficient to prepay all of the principal and interest on the Refunded Bonds to and including the Redemption Date and to prepayment of the Refunded Bonds due by reason of redemption on the Redemption Date.

5.03 The Refunded Bonds shall be redeemed and prepaid in accordance with their terms and in accordance with the terms and conditions set forth in the form of Notice of Call for Redemption attached hereto as Attachment B, which terms and conditions are hereby approved and incorporated herein by reference. The Clerk or her designee is hereby authorized and directed to forthwith, no later than one month prior to the Redemption Date, to send written notice of call to the registered owners and paying

agent of the Refunded Bonds in accordance with their terms and the terms of the Representation Letter, all of which terms and conditions are hereby approved and incorporated herein by reference.

5.04 When the principal of the Refunded Bonds and all interest thereon have been discharged as provided in this Section, all pledges, covenants and other rights granted by this Resolution to the holders of the Refunded Bonds shall cease, except that the pledge of the full faith and credit of the District for the prompt and full payment of the principal and interest on the Refunded Bonds shall remain in full force and effect.

Section 6. Tax Covenants.

6.01 The District covenants and agrees with the holders of the Bonds that the District will (i) take all action on its part necessary to cause the interest on the Bonds to be exempt from federal income taxes including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Bonds and investment earnings thereon, making required payments to the federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Bonds to be subject to federal income taxes, including, without limitation, refraining from spending the proceeds of the Bonds and investment earnings thereon on certain specified purposes.

6.02 A. No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (i) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued, and (ii) in addition to the above, in an amount not greater than the lesser of five percent of the proceeds of the Bonds or \$100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Debt Service Fund (or any other District account which will be used to pay principal and interest to become due on the Bonds) in excess of amounts which will be used to pay principal and interest to become due on the Bonds) in excess of amounts which under the applicable federal arbitrage regulations may be invested without regard as to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by the arbitrage regulations on such investments after taking into account any applicable temporary periods of minor portion made available under the federal arbitrage regulations.

B. In addition, the proceeds of the Bonds and money in the Debt Service Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be federally guaranteed within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code").

C. The District hereby covenants not to use the proceeds of the Bonds, or to cause or permit them to be used, in such a manner as to cause the Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

6.03 A. For purposes of qualifying for the 6-month spending exceptions to the federal arbitrage rebate requirement set forth in Section 148(f)(4)(B) of the Internal Revenue Code of 1986, as amended (the "Code"), the District hereby finds, determines and declares that the proceeds of the Refunded Bonds have been totally expended for the governmental purpose for which the Refunded Bonds were issued; within six months of the date of issue of the Bonds, the gross proceeds of the Bonds will be totally expended for the purpose of prepaying and redeeming the Refunded Bonds and paying costs of issuance of the Bonds; therefore, no rebate of arbitrage profit is required under the Code.

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

Section 7. Defeasance.

7.01 When all Bonds and all interest thereon have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this Resolution to the holders of the Bonds shall cease, except that the pledge of the full faith and credit of the District for the prompt and full payment of the principal of and interest on the Bonds shall remain in full force and effect. The District may discharge all Bonds which are due on any date by depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full. If any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Bond Registrar designated in Section 2.05 hereof a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The District may also at any time discharge and cause defeasance of the Bonds in their entirety by complying with the provisions of Section 475.67 of the Act, except that the funds deposited in escrow in accordance with said provisions may (to the extent permitted by law) but need not be, in whole or in part, proceeds of bonds as therein provided, without the consent of any bondholders.

Section 8. Certificate of Proceedings.

8.01 The Clerk is directed to file with the County Auditor a certified copy of this Resolution and such other information as the County Auditor may require, and to obtain from the County Auditor a certificate stating that the Bonds herein authorized have been duly entered on his register.

8.02 The officers of the District are authorized and directed to prepare and furnish to the Purchaser of the Bonds and to bond counsel certified copies of all proceedings and records of the District relating to the authorization and issuance of the Bonds and other affidavits and certificates as may reasonably be requested to show the facts relating to the legality and marketability of the Bonds as such facts appear from the official books and records of the officers' custody or otherwise known to them. All of such certified copies, certificates and affidavits, including any heretofore furnished, constitute representations of the District as to the correctness of facts recited therein and the actions stated therein to have been taken.

8.03 The Chair and the Clerk are hereby authorized and directed to certify that they have examined the Official Statement prepared and circulated in connection with the issuance and sale of the Bonds and that to the best of their knowledge and belief the Official Statement is a complete and accurate representation of the facts and representations made therein as of the date of the Official Statement.

8.04 In the event of the absence or disability of the Chair or the Clerk, such officers or members of the School Board as in the opinion of the District's attorney may act in their behalf shall, without further act or authorization, execute and deliver the Bonds, and do all things and execute all instruments and documents required to be done or executed by such absent or disabled officers.

Section 9. Continuing Disclosure. The District acknowledges that the Bonds are subject to the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) (the "Rule"). The Rule governs the obligations of certain underwriters to require that issuers of municipal bonds enter into agreements for the benefit of the bondholders to provide continuing disclosure with respect to the bonds. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit underwriters of the Bonds to comply with the Rule, which will enhance the marketability of

the Bonds, the Chair and the Clerk are hereby authorized and directed to execute a Continuing Disclosure Certificate substantially in the form of the Certificate currently on file in the office of the District.

Motion made by Member _____, seconded by Member _____, to approve Resolution #B-_____, as presented. Upon a vote taken, the same was approved as follows:

Yeah:

Nay:

Clerk

Chair

M:\DOCS\05953\000043\ROL\NG4404.DOC

ATTACHMENT A**\$8,900,000 GENERAL OBLIGATION SCHOOL BUILDING REFUNDING BONDS, SERIES 2010A
INDEPENDENT SCHOOL DISTRICT NO. 709**

<i>Levy Year</i>	<i>Collection Year</i>	<i>Tax Levy</i>
2009	2010	\$*
2010	2011	\$
2011	2012	\$
2012	2013	\$
2013	2014	\$
2014	2015	\$

* To be paid from Refunded Bonds Tax Levy.

ATTACHMENT B

NOTICE OF CALL FOR REDEMPTION
 Independent School District No. 709 (Duluth), Minnesota
 \$13,710,000 General Obligation School Building Refunding Bonds, Series 2001B
 Dated November 1, 2001

NOTICE IS HEREBY GIVEN that, by order of the School Board of Independent School District No. 709 (Duluth), Minnesota (the "Issuer"), there have been called for redemption and prepayment on March 30, 2010 (the "Redemption Date"), all outstanding bonds of the Issuer designated above, having stated maturity dates of February 1 in the years 2011 through 2016, both inclusive, totaling \$8,755,000 in outstanding principal amount, and with the following CUSIP numbers:

Certificate No.	Maturity (February 1)	Amount*	Rate	CUSIP No.**
R-7	2011	\$1,525,000	4.00%	264471 HG1
R-8	2012	\$1,910,000	4.10%	264471 HH9
R-9	2013	\$2,000,000	4.30%	264471 HJ5
R-10	2014	\$2,080,000	4.50%	264471 HK2
R-11	2015	\$605,000	4.60%	264471 HL0
R-12	2016	\$635,000	5.00%	264471 HM8

The Bonds are being called at a price of par plus accrued interest to the Redemption Date, on which date all interest on said Bonds will cease to accrue. Holders of the Bonds hereby called for redemption are requested to present their Bonds for payment at the office of U.S. Bank National Association, formerly known as U.S. Bank Trust National Association, Corporate Trust Services, Mailcode: EP-MN-WS3C, 60 Livingston Avenue, St. Paul, Minnesota 55107-2292, on or before the Redemption Date.

Important Notice: In compliance with the Economic Growth and Tax Relief Reconciliation Act of 2001, federal backup withholding tax will be withheld at the applicable backup withholding rate in effect at the time of the payment by the redeeming institutions if they are not provided with your social security number or employer identification number, properly certified. This requirement is fulfilled by submitting a W-9 Form, which may be obtained at a bank or other financial institution.

* Indicates full call of stated maturity.

** Neither the Issuer nor the Bond Registrar/Paying Agent shall be responsible for the selection of or use of the CUSIP number, and no representation is made as to its correctness indicated in the Notice of Call for Redemption. CUSIP numbers are included solely for the convenience of the Holders.

BY ORDER OF THE SCHOOL BOARD OF
 INDEPENDENT SCHOOL DISTRICT NO. 709

STATE OF MINNESOTA)
) ss.
COUNTY OF ST. LOUIS)

I, the undersigned, the duly elected, qualified and acting Clerk of the Independent School District No. 709, (Duluth) St. Louis County, Minnesota (the "District"), do hereby certify that I am the official custodian of the records of the District, and that I have compared the attached copy with the original records of the District, and that it is a true and correct transcript taken from the records of a meeting of the School Board, held at the City of Duluth in said State, on February 23, 2010.

IN WITNESS WHEREOF, I have hereunto set my hand as Clerk of the District, this ____ day of February, 2010.

Ann Wasson, Clerk