<u>RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF FULL TERM CERTIFICATES OF PARTICIPATION, SERIES 2025B, IN A PRINCIPAL AMOUNT NOT TO EXCEED $9,795,000, TO FINANCE A PORTION OF THE PROJECT COSTS FOR A SCHOOL BUILDING LOCATED AT 424 WEST 1ST STREET IN DULUTH, MINNESOTA</u>

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

Section 1. <u>Authority</u>. Under and pursuant to the authority contained in Minnesota Statutes, Section 126C.40, Subd. 6, as amended (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. The District has approved a Long-Range Facilities Plan, as amended (the "Plan") and the Minnesota Commissioner of Education has approved the District entering into an installment contract in a principal amount up to $9,797,388 under the Act to finance the purchase of real and personal property as set forth in the Plan including improvements to a school building located at 424 West 1st Street in Duluth, Minnesota (the "2025 Project"). The District has determined to acquire, construct and equip the project approved by the Minnesota Commissioner of Education, pursuant to the Act, through an Installment Purchase Contract, dated as of June 1, 2008, as supplemented (the "Installment Purchase Contract"), between U.S. Bank National Association ("U.S. Bank"), as vendor, and the District. In order to provide funds for the projects, the District authorized the issuance of a series of Full Term Certificates of Participation, pursuant to a Declaration of Trust by and between U.S. Bank, as trustee, and the District (the "Declaration of Trust"). The District has approved a series of amendments to the Plan and the Commissioner of Education approved the District financing under the Act to provide additional funds for the purchase of real and personal property as set forth in the Plan, as amended, including the 2025 Project. There are a series of the District's Full Term Certificates of Participation presently outstanding under the Act, including (i) $82,605,000 Full Term Refunding Certificates of Participation, Series 2016A; (ii) $41,715,000 Full Term Refunding Certificate of Participation, Series 2019B; (iii) $2,710,000 Full Term Refunding Certificate of Participation, Series 2019C, and (iv) $18,385,000 Taxable Full Term Refunding Certificate of Participation, Series 2021A (collectively, the "Outstanding Certificates of Participation"). Pursuant to such authority, the District entered into a series of Amendments to the Installment Purchase Contract, between U.S. Bank, as vendor, and the District, as vendee, which amended the Installment Purchase Contract. The District has submitted a request for review and comment for the 2025 Project and the Minnesota Commissioner of Education has approved the District's financing of an additional $9,795,000 in principal amount of certificates of participation under the Act to provide funds for the purchase of real and personal property for the 2025 Project.

Section 2. <u>The Plan of Finance</u>. The School Board hereby determines that it is necessary, expedient, and in the best educational interest of the District's pupils and residents that the District enter into an Amendment to the Installment Purchase Contract under the Act to provide additional funds to purchase the real and personal property for the 2025 Project, and as approved by the Minnesota Commissioner of Education. Full Term Certificates of Participation, Series 2025B, will be issued pursuant to a Supplement to the Declaration of Trust as additional certificates of participation under the Declaration of Trust. The principal amount of the Full Term Certificates of Participation, Series 2025B to be issued shall not exceed $9,795,000 together with premium, if any, and such Full Term Certificates of Participation, Series 2025B (the "Certificates of Participation") shall evidence the proportionate interest of the registered owners thereof in the Installment Payments to be made by the District under the Installment Purchase Contract, as amended.

Section 3. Sale of 2025B Certificates.

3.01 The School Board has determined to retain an independent municipal advisor to provide pricing opinion services in connection with the sale of the Certificates of Participation. The School Board desires to proceed with the sale of the Certificates of Participation by direct negotiation with Robert W. Baird & Co., Inc. in Milwaukee, Wisconsin ("Baird"), as underwriter.

3.02 Any officer of the School Board and the Superintendent or Executive Director of Business Services (the "Pricing Committee"), are hereby authorized to approve the sale of the Certificates of Participation and to execute a certificate purchase agreement for the purchase of the Certificates of Participation with Baird, provided the principal amount of the Certificates of Participation does not exceed $9,795,000 and the TIC does not exceed 4.50% on the Certificates of Participation.

3.03 Upon approval of the sale of the Certificates of Participation 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.

3.04 Baird is authorized to prepare and distribute an official statement related to the sale of the Certificates of Participation.

3.05 If the Pricing Committee has not approved the sale of the Certificates of Participation to Baird and executed the related certificate purchase agreement by December 31, 2025, this resolution shall expire.

Section 4. Repayment of Obligations. The form, specifications and provisions for payment of the Amendment to the Installment Purchase Contract and the Certificates of Participation and the form of the Supplement to the Declaration of Trust shall be set forth in a subsequent resolution of the School Board.

Section 5. Minnesota School District Credit Enhancement Program.

5.01 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 Certificates of Participation and to use the provisions of Minnesota Statutes, Section 126C.55 to guarantee payment of the principal and interest on the Certificates of Participation when due. The District further covenants to deposit with the bond registrar and paying agent for the Certificates of Participation to be designated in the Resolution 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 Certificates of Participation 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 Certificates of Participation or if, on the day two business days prior to the date a payment is due on the Certificates of Participation, 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 Certificates of Participation of this issue remain outstanding.

5.02 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, Superintendent or Executive Director of Business Services is authorized to execute any applicable Minnesota Department of Education forms.

Section 6. Declaration of Official Intent. This resolution constitutes a declaration of official intent under Treasury Regulations Section 1.150-2. The District reasonably expects to construct all or a portion of the Project prior to the issuance of the Certificates of Participation and to reimburse expenditures incurred with respect to such Project with the proceeds of the Certificates of Participation.

Adopted: October 21, 2025

Motion made by Member _______________, seconded by Member ______________, to approve Resolution #________, as presented. Upon a vote taken, the same was approved as follows:

Yeah:

Nay:

______________________________________ ______________________________________

Clerk Chair

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