

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY  
OF A SECOND AMENDMENT TO INSTALLMENT PURCHASE CONTRACT AND  
A SECOND SUPPLEMENT TO DECLARATION OF TRUST AND APPROVING  
THE ISSUANCE, SALE AND DELIVERY OF \$2,620,000 FULL TERM REFUNDING  
CERTIFICATES OF PARTICIPATION, SERIES 2010B

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

Section 1. A. Pursuant to the authority contained in Minnesota Statutes, Section 126C.40, Subd. 6 (the "Act"), the District is authorized to purchase real property under an installment contract or may lease real property with an option to purchase under a lease purchase agreement for any instructional purpose.

B. Under and pursuant to the Act and Resolution No. B-2-95-1573, adopted February 2, 1995 (the "1995 Resolution"), the District authorized the execution and delivery of an Installment Purchase Contract with First Trust National Association, now U.S. Bank National Association (the "Trustee"), dated March 1, 1995 (the "1995 Contract"), to provide for the acquisition, construction and equipping of a vocational technical school facility at Central High School on property legally described on Exhibit A hereto (the "Project") through the issuance of \$6,500,000 Certificates of Participation, Series 1995A (Installment Purchase Contract), dated March 1, 1995 (the "1995 Certificates"), pursuant to a Declaration of Trust between the Trustee and the District, dated March 1, 1995 (the "1995 Declaration").

C. Under and pursuant to the Act, Minnesota Statutes, Section 475.67, Subdivisions 1 through 4 and Resolution No. B-10-01-2074, adopted October 16, 2001, the District determined that it was necessary, in order to reduce debt service costs, to refinance the 1995 Certificates through the issuance of refunding certificates of participation.

D. Under and pursuant to the Act and Resolution No. B-10-01-2077, adopted October 30, 2001 (the "2001 Resolution"), the District authorized the execution and delivery of (i) an Amendment to Installment Purchase Contract with the Trustee, dated November 1, 2001 (the "First Amendment to Contract"); (ii) a Supplement to Declaration of Trust with the Trustee, dated November 1, 2001 (the "First Supplement to Declaration"); and (iii) \$5,885,000 Refunding Certificates of Participation (the "2001 Certificates") to refund in advance of maturity the 1995 Certificates maturing on and after March 1, 2002.

E. Under and pursuant to the Act, Minnesota Statutes, Section 475.67, Subdivisions 1 through 4 and Resolution No. B-1-10-2721, adopted January 19, 2010, the District determined that it is necessary, in order to reduce debt service costs, to refinance the 2001 Certificates through the issuance of refunding certificates of participation.

F. The School Board hereby determines that the District will issue its \$2,620,000 Full Term Refunding Certificates of Participation, Series 2010B, dated March 1, 2010 (the "2010 Certificates"), to provide funds to prepay, on a current refunding basis, the March 1, 2011 through March 1, 2015 maturities of the District's 2001 Certificates on March 30, 2010 (the "Redemption Date").

G. Forms of the following documents relating to the refinancing have been prepared and submitted to the School Board:

(1) the Second Amendment to Installment Purchase Contract (the “Second Amendment to Contract”) proposed to be made and entered into between the Trustee and the District, to provide for the payment of the principal and interest on the 2010 Certificates (the 1995 Contract, the First Amendment to Contract and the Second Amendment to Contract are collectively referred to herein as the “Contract”); and

(2) the Second Supplement to the Declaration of Trust (the “Second Supplement to Declaration”) proposed to be made and entered into between the District and the Trustee, which provides for the issuance of the 2010 Certificates, the terms thereof and the security therefor (the 1995 Declaration, the First Supplement to Declaration and the Second Supplement to Declaration are collectively referred to herein as the “Declaration”).

Section 2. A. Northland Securities, Inc., financial consultant to the District, has given notification to at least five firms determined by Northland Securities, Inc. to be prospective bidders on the 2010 Certificates at least two days (omitting Saturdays, Sundays, and legal holidays) before the date set for receipt of bids on the 2010 Certificates.

B. The District has solicited bids for the sale of the 2010 Certificates and an offer has been received from \_\_\_\_\_ of \_\_\_\_\_, \_\_\_\_\_ (the “Purchaser”), to purchase the 2010 Certificates at a cash price of \$\_\_\_\_\_, plus accrued interest on the total principal amount from March 1, 2010, to the date of delivery and upon condition that the 2010 Certificates mature and bear interest as follows and are payable at the times and on the terms set forth in the Second Amendment to Contract and the Second Supplement to Declaration.

The District, after due consideration, finds such offer reasonable and proper and the offer of the Purchaser is hereby accepted. The Chair and the Clerk are authorized to execute on the part of the District a contract for the sale of the 2010 Certificates in accordance with the Purchaser’s proposal. All actions of the Chair and the Clerk with regard to the sale of the 2010 Certificates are hereby ratified and approved.

C. The 2010 Certificates to be issued shall mature on March 1 in the respective years and amounts stated and shall bear interest at the annual rates as follows:

Year	Amount	Interest Rate
2011	\$500,000	%
2012	\$510,000	%
2013	\$520,000	%
2014	\$540,000	%
2015	\$550,000	%

D. The 2010 Certificates 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 be subject to redemption and prepayment at the option of the District on September 1, 2011, and on any date 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 at a price of par plus accrued interest to the date of redemption, as provided for in the Second Supplement to Declaration.

Section 3. It is hereby found, determined and declared by the School Board that:

A. It is desirable and in the best interests of the District to enter into the Second Amendment to Contract and the Second Supplement to Declaration;

B. The terms of the Second Amendment to Contract and the Second Supplement to Declaration are found to be advantageous to the District and are hereby approved; and

C. The installment payments under the Contract, as amended, are absolute and unconditional as provided for in Article III of the Contract and are not subject to annual appropriation of the District.

Section 4. It is hereby found and determined, based upon information presently available from the District's financial advisors, that:

A. The issuance of the 2010 Certificates will result in a reduction of debt service cost to the District and thus a reduction of installment payments under the Contract;

B. The proceeds of the 2010 Certificates will be sufficient to pay the interest coming due on the 2001 Certificates on the Redemption Date, and to prepay and redeem the principal of the 2001 Certificates maturing on and after March 1, 2011, on the Redemption Date; and

C. The Chair and the Clerk are hereby authorized and directed to provide the certification and notice of call for redemption and other documents required under the Declaration for the prepayment and redemption of the 2001 Certificates. The notice of call for redemption shall be in substantially the form set forth on Exhibit C hereto.

Section 5. A. For the prompt and full payment of the installment payments under the Contract when due, there is hereby levied a direct, annual, ad valorem tax, as an additional capital expenditure levy pursuant to Minnesota Statutes, Section 126C.40 and other laws, upon all taxable property within the District which shall be extended upon the tax rolls and collected with and as part of the other general property taxes in the District for the years and in the amounts set forth on Exhibit B hereto. Such levy amends and is in substitution for the levy authorized by the 2001 Resolution.

B. The District maintains a Debt Service Fund on its books and records. A separate account is hereby created within the Debt Service Fund and is designated as the "2010B Installment Purchase Contract Account" (the "Contract Account"). The tax levies provided for in this Section 5 are hereby pledged to, and shall be used for no purpose other than, the payment of installment payments under the Contract; provided, however, that if any such installment payment shall become due when there is not sufficient money in the Contract Account, the Treasurer shall pay the same from any other funds of the District and said funds shall be reimbursed for such advance out of the proceeds of the taxes herein levied or appropriated.

C. Such tax levies shall be irrevocable as long as the Contract remains in effect; provided, however, that by November 30 of each year, while the 2010 Certificates are outstanding, the District may reduce or cancel the above levies to the extent of (i) the amount which has been appropriated by the School Board to and deposited in the Contract Account to pay installment payments under the Contract, which otherwise would have been paid by such tax levy; plus (ii) any additional amount which is on deposit in the Contract Account and available to pay the installment payments under the Contract, which otherwise would have been paid by such tax levy. Thereafter the District may direct the County Auditor to reduce the levy for such year by that amount.

Section 6. The Second Amendment to Contract and the Second Supplement to Declaration are hereby approved. The Chair and the Clerk are hereby authorized and directed to execute and deliver the Second Amendment to Contract and the Second Supplement to Declaration substantially in the forms now on file with the Clerk, with such necessary and appropriate omissions, modifications, insertions and additions as do not materially affect the substance of the transaction, consistent with the Act, as the Chair in his discretion shall determine. The execution of the Second Amendment to Contract and the Second Supplement to Declaration by the Chair, with the advice of the Attorney for the District, shall be conclusive evidence of such determination. All of the provisions of the Second Amendment to Contract and the Second Supplement to Declaration, when executed and delivered as authorized herein, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated herein and shall be in full force and effect from the date of execution and delivery thereof. The District approves the 2010 Certificates being registered as depository obligations with The Depository Trust Company, New York, New York, as set forth in the Second Supplement to Declaration.

Section 7. The Chair and the Clerk are hereby authorized to execute and deliver, on behalf of the District, such other documents as are necessary or appropriate in connection with the Second Amendment to Contract and the Second Supplement to Declaration, and the issuance, sale and delivery of the 2010 Certificates.

Section 8. All covenants, stipulations, obligations and agreements of the District contained in this Resolution, the Second Amendment to Contract and the Second Supplement to Declaration shall be deemed to be the covenants, stipulations, obligations and agreements of the District to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations and agreements shall be binding upon the District upon execution and delivery of such documents. Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the District or its officers by the provisions of this Resolution or of the aforementioned documents to be executed and delivered by the District shall be executed or performed by the District or by such officers of the District, or such board, body, authority or agency thereof as may be required by law to exercise such powers and to perform such duties.

Section 9. Except as herein otherwise expressly provided, nothing in this Resolution or in the Second Amendment to Contract or the Second Supplement to Declaration, expressed or implied, is intended or shall be construed to confer upon any person or firm or corporation, other than the District, the Trustee, the Purchaser, or any holder of the 2010 Certificates issued under the provisions of this Resolution, any right, remedy or claim, legal or equitable, under and by reason of this Resolution or any provision hereof, that the aforementioned documents and all of their provisions being intended to be and being for the sole and exclusive benefit of the District, the Trustee, the Purchaser, and any holder from time to time of the 2010 Certificates issued under the provisions of this Resolution.

Section 10. The officers and other agents or employees of the District are hereby authorized to do all acts and things required of them by or in connection with this Resolution, the Second Amendment to Contract, the Second Supplement to Declaration and the 2010 Certificates for the full, punctual and complete performance of all the terms, covenants and agreements contained in the 2010 Certificates, the aforementioned documents and this Resolution.

Section 11. In the event any of the officers of the District authorized to execute the documents on behalf of the District under this Resolution shall for any reason be unable to do so, any other officer of the District authorized to act for such designated officer is hereby directed and authorized to do so on behalf of the District with the same effect as if executed by the officer authorized to do so in this Resolution.

Section 12. All actions of the members, officers, employees and staff of the District heretofore taken and in furtherance of this financing are hereby approved, ratified and confirmed.

Section 13. A. The Clerk of the District is directed to file in the office of the County Auditor of St. Louis County 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 2010 Certificates herein authorized have been duly entered on his register.

B. The Chair, the Clerk, the Treasurer and other officers of the District are authorized and directed to prepare and furnish, with regard to the issuance of the 2010 Certificates, certified copies of all proceedings and records of the District relating to the 2010 Certificates and such other affidavits, certificates and opinions as may be required to show the facts relating to the legality, tax exemption and marketability of the 2010 Certificates as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; that all such certified copies, certificates, affidavits and opinions, including any heretofore furnished, shall constitute representations of the District as to the truth of all statements made by the District and contained herein.

Section 14. The School Board has covenanted and has obligated itself in Resolution No. B-1-10-2721 to be bound by the provisions of Minnesota Statutes, Section 126C.55. The School Board hereby reaffirms such covenants and obligations.

Section 15. The District hereby authorizes the circulation of the Official Statement in connection with the sale and delivery of the 2010 Certificates.

Section 16. Tax Covenants.

A. The District covenants and agrees with the holders of the 2010 Certificates that the District will (i) take all action on its part necessary to cause the interest on the 2010 Certificates 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 2010 Certificates 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 2010 Certificates to be subject to federal income taxes, including, without limitation, refraining from spending the proceeds of the 2010 Certificates and investment earnings thereon on certain specified purposes.

B. No portion of the proceeds of the 2010 Certificates 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 2010 Certificates 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 2010 Certificates or \$100,000. To this effect, any proceeds of the 2010 Certificates and any sums from time to time held in the Contract Revenue Fund by the Trustee (or the Contract Account or any other District account which will be used to pay principal and interest to become due on the 2010 Certificates) 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. In addition, the proceeds of the 2010 Certificates and money in the Contract Revenue 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 2010 Certificates to be federally guaranteed within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code").

C. Six-Month Spending Exemption to Rebate. The District expects all proceeds of the 2010 Certificates will be spent within six months of the date of closing and delivery of the 2010 Certificates and no rebate of arbitrage profits will be required. In the event proceeds of the 2010 Certificates are not so spent, the District will compute and cause the payment to the United States of all amounts required under the rebate requirement of Section 148(f) of the Code and the Regulations issued thereunder.

Section 17. Continuing Disclosure. The District acknowledges that the 2001 Certificates 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 2010 Certificates and the security therefor and to permit underwriters of the 2010 Certificates to comply with the Rule, which will enhance the marketability of the 2010 Certificates, 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.

Adopted this 23<sup>rd</sup> day of February, 2010.

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:

Absent:

\_\_\_\_\_  
Clerk

\_\_\_\_\_  
Chair

**EXHIBIT A****Project Site Legal Description**

Commencing at the Southeast corner of Section 21, Township 50 North, Range 14 West of the Fourth Principal Meridian; thence North 05 degree 00 minutes 00 seconds West (assumed bearing) along the East line of said Section 21 a distance of 410.24 feet; thence North 89 degrees 57 minutes 00 seconds West 451.75 feet; thence North 05 degrees 00 minutes 00 seconds West 275.00 feet to the POINT OF BEGINNING; thence North 19 degrees 24 minutes 00 seconds East 649.90 feet; thence North 53 degrees 31 minutes 51 seconds East 746.25 feet; thence South 00 degrees 28 minutes 57 seconds West 232.48 feet; thence Southerly along a tangential curve concave to the West having a radius of 993.01 feet, and a central angle of 34 degrees 51 minutes 37 seconds for a distance of 604.17 feet; thence South 48 degrees 39 minutes 20 seconds East 200.00 feet; thence South 73 degrees 17 minutes 13 seconds East 425.17 feet to the POINT OF BEGINNING and there terminating.

Containing 457,602 sq. ft. or 10.50 acres.

Together with an easement for ingress from and egress to the Central Entrance highway over and across the existing private roadway, a portion of which abuts the above-described premises on the northwest; and

Together with an easement for public utility purposes over and across the lands of the Grantor to the above-described premises, together with the right to use the existing utility lines and conduits in common with Grantor.

**EXHIBIT B****Tax Levy Schedule**

Levy Year	Collection Year	Tax Levy
2010	2011	
2011	2012	
2012	2013	
2013	2014	

The 2009 Tax Levy (collect 2010) for the 2001 Certificates included sufficient funds to pay the September 1, 2010 and March 1, 2011 Installment Payments on the 2010 Certificates in the amount of \$\_\_\_\_\_



**EXHIBIT C**

**NOTICE OF CALL FOR REDEMPTION**  
**\$5,885,000 Refunding Certificates of Participation, Series 2001**  
**(Installment Purchase Contract)**  
**of Independent School District No. 709 (Duluth), Minnesota**  
**dated November 1, 2001**

NOTICE IS HEREBY GIVEN that, by order of Independent School District No. 709 (Duluth), Minnesota (the "District"), there have been called for redemption and prepayment on March 30, 2010 (the "Redemption Date"), all outstanding obligations of the District designated as the \$5,885,000 Refunding Certificates of Participation, Series 2001 (Installment Purchase Contract), dated November 1, 2001, having stated maturity dates of March 1 in the years 2011 through 2015, both inclusive, totaling \$2,560,000 in outstanding principal amount, and with the following CUSIP numbers:

<b>Maturity (March 1)</b>	<b>Amount*</b>	<b>Rate</b>	<b>CUSIP**</b>
2011	\$460,000	4.00%	264474 BE 6
2012	\$485,000	4.20%	264474 BF 3
2013	\$510,000	4.35%	264474 BG 1
2014	\$540,000	4.50%	264474 BH 9
2015	\$565,000	4.65%	264474 BJ 5

The Certificates are being called at a price of par plus accrued interest to the Redemption Date, on which date they will cease to bear interest. Holders of the Certificates hereby called for redemption should present their Certificates for payment to U.S. Bank National Association (f/k/a 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. It is recommended that you mail your certificate registered or certified mail to guard against loss.

**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 federal 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 District 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