

Minutes of the Regular School Board Meeting

Of the School Board of Independent School District No. 709 held at the Historic Old Central High School, 215 North First Avenue East, Duluth, Minnesota 55802, on

Tuesday, September 21, 2010

Members Present:

Mary Cameron
Gary Glass
Tim Grover
Art Johnston
Tom Kasper
Judy Seliga Punyko
Ann Wasson

Others Present:

Keith Dixon, Superintendent
Bill Hanson, Deputy Clerk
Melinda Thibault, Secretary

Student Representatives

Maria Dalager
Peter Witzig

Chair Grover called the regular school board meeting of September 21, 2010 to order at 6:30 p.m., and the pledge of allegiance to the American flag was given.

Chair Grover read a statement regarding parliamentary procedure and respect during board meetings among board members.

M-Seliga Punyko, S-Cameron, to approve the agenda as presented with two items deleted as requested by administration.

Member Glass noted that he had asked to have items added that were not on the agenda, including discussion from MSBA. Chair Grover stated that Member Glass had received a request from Bill Hanson asking for clarification, and had not responded.

Upon a vote on agenda as presented the same passed - Unanimously

Chair Grover asked school board members if there were any corrections or changes to the minutes of the regular school board meeting of August 17, 2010.

Member Seliga Punyko asked if the vote on page 10 putting Plan B to a vote was correct. It was clarified that Member Glass did vote no on the resolution.

Member Johnston stated that he felt the recess called (on page 2 of the minutes) was an illegal procedure and it should be noted that way in the minutes. Chair Grover ruled that it was noted correctly in the minutes – no correction to minutes.

Member Johnston noted that the motion to adjourn was seconded by Chair Grover.

M-Seliga Punyko, S-Cameron, to approve the minutes of the August 17, 2010 regular school board meeting as amended. Upon a vote, the same was approved – unanimously.

Chair Grover asked school board members if there were any corrections or changes to the minutes of the special school board meeting of September 13, 2010.

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Member Johnston noted that on page 10 the procedure cutting off debate was illegal and that it takes a 2/3 majority for that motion to pass. Chair Grover clarified that it was not a motion to cut off debate but a motion asking Member Johnston to cease and desist and that does not require a 2/3 majority vote – no change to minutes.

Member Johnston stated that on page 11 Member Glass seconded his motion and that he thought he also appealed Chair Grover's decision.

Member Glass asked if the handouts that the bond counsel went over at the meeting should be included in the minutes. The minutes will indicate that there was a 2 page handout reviewed.

M-Seliga Punyko, S-Cameron, to approve the minutes of the September 13, 2010 special school board meeting. Upon a vote, the same was approved as presented – unanimously.

Public Comments
September 2010

Joan Peterson, 3025 East 2nd Street, spoke to the board regarding how thoughtful and polite the designers, planners, and workers have been during construction near her home.

Robin Downs, 5108 Washburn Road, spoke to the board regarding the referendum question on the ballot in November and would like more information on the impact it would have on the current plan, property taxes, etc.

Chris Lane, 2721 Jean Duluth Road, spoke to the board in support of finishing the long range facilities plan and asked that the board put out specific information on how changing the plan at this point would affect overall costs to taxpayers, and the impact on the students.

Bevan Schraw, 531 North 22nd Avenue West, spoke to the board regarding his concern with an opinion article in the paper written by a board member and the misleading statements in that article.

Allan Netland, 1414 Boulevard Place, spoke to board in support of the development and implementation of the long range facilities plan and commended the District for their hard work in settling contracts.

Gordon Downs, 14 North 66th Avenue West, spoke to the board regarding his concern with the purchase of a house for more than it was appraised for and being denied the right to vote on the long range facilities plan.

Loren Martel, 623 East 7th Street, spoke to the board regarding his concern with cutting off people speaking during public comment.

Communications, Petitions, Etc.
September 2010

Superintendent Dixon acknowledged the communications received.

Superintendent's Report
September 2010

Superintendent Dixon welcomed everyone back to the new school year and thanked everyone involved for their hard work to be sure it was a successful start of the school year with all the transitions happening, and stated that the students have done a great job of coming together.

Superintendent Dixon stated that there were some misleading statements regarding the teachers contract in a board members opinion article in the newspaper. He clarified the actual annual increases and insurance increases in the contract

Board member discussion took place regarding the need to be sure that accurate information is put out to the public, and specifically discussed information regarding the Plan B vote in November. Superintendent Dixon reminded board members that there are legal guidelines for what the District can distribute.

Education Committee Report
September 2010

Member Seliga Punyko presented the Education Committee report, a copy of same being in the hands of each school board member.

Member Seliga Punyko presented the resolution:

RESOLUTION

Acceptance of Grant Awards to Duluth Public Schools

WHEREAS, Minnesota Statute 465.03 requires a school district to accept grants by resolution expressed in the terms prescribed by the donor in full; and,

WHEREAS, acceptance of the grant in accordance with the donor's terms is in the best interest of the Duluth Public Schools:

NOW, THEREFORE, BE IT RESOLVED that the Duluth Public Schools does accept the below-described grants from said organizations in accordance with the terms set forth herein.

BE IT FURTHER RESOLVED that the Duluth Public Schools wishes to extend its grateful appreciation to these various organizations.

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	Organization	Author/Contact	Project Title	Award Amount	Terms
1.	Edwin H. Eddy Family Foundation Grant	Laura Fredrickson	Speech-Language Pathologists	\$19,266.19	Funds from this grant award will be used to purchase new materials, tests, supplies, and technology for children, ages birth to twenty-one who have been identified as having very significant communication disorders.
2.	Minnesota Department of Health	Stephanie Heilig and Jim Skoog, St. Louis County Public Department of Health	SHIP Active Living Mini Grant	\$1,665	Funds from this grant award will be used to purchase cones, which will add a degree of safety for students who walk or bike to and from Nettleton/Grant Elementary.
3.	Northland Foundation	Martha Lippitt	School-Family-Community Partnership Project	\$3,000	Funds from this grant award will be used to support the School-Family-Community Partnership project at Unity High School.
4.	Nickelodeon	Kathy Bartsias	Nickelodeon Big Green Grant	\$2,500	Funds from this grant award will be used to support environmentally friendly Service-Learning projects within the Duluth Public Schools.

Resolution E-9-10-2814

September 21, 2010

M-Seliga Punyko, S-Kasper, to approve Resolution E-9-10-2814 - Acceptance of Grant Awards to the Duluth Public Schools. Upon a vote taken, the same was approved – unanimously.

M-Seliga Punyko, S-Kasper, to approve the remainder of the Education Committee report as presented.

Board discussion took place regarding attendance, class size and the continued efforts to work out issue that some schools may have.

Upon a vote taken on the remainder of the Education Committee as presented - the same was approved – unanimously.

Human Resources Committee Report
September 2010

Member Cameron presented the Human Resources Committee report, a copy of same being in the hands of each school board member.

Board discussion took place regarding the status of layoffs and recalls from layoff to date.

M-Cameron, S-Seliga Punyko, to approve the Human Resources Committee report as presented. Upon a vote taken, the same was approved – unanimously.

Business Committee Report

September 2010

Member Wasson presented the Business Committee report, a copy of same being in the hands of each school board member.

Member Wasson presented the resolution:

RESOLUTION
Maximum Levy Certification

WHEREAS, the School Board of Independent School District No. 709, St. Louis County, Minnesota, will hold a regular school board meeting on December 21, 2010 at 6:30 PM the Board Room of the Historic Old Central High School, and will receive input from the public on the proposed certified levy for 2010 payable in 2011,

THEREFORE BE IT RESOLVED, that the School Board propose the ceiling for the tax levy for Independent School District No. 709 for 2010 payable 2011 at the maximum amount.

B-9-10-2815

September 21, 2010

M-Wasson, S-Johnston, to table the resolution. Upon a vote, the same was approved - unanimously.

Member Wasson presented the resolution:

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDMENT TO INSTALLMENT PURCHASE CONTRACT AND A SUPPLEMENT TO DECLARATION OF TRUST AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF \$5,000,000 FULL TERM CERTIFICATES OF PARTICIPATION, SERIES 2010C

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. A. 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.

B. The District has approved a Long-Range Facilities Plan (the “Plan”) and the Commissioner of Education has approved the District’s borrowing of \$111,442,577 under the Act to finance the purchase of real and personal property for the projects set forth in the Plan as

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described in the Original Contract, as hereinafter defined (the "Original Project").

C. 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 Original 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.

D. 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 Original Contract to finance the Original Project and the Commissioner authorized the Original Project and the levy.

E. 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 (the "Original Contract") with the District regarding the acquisition, construction and equipping of the Original Project, and the District and the Trustee entered into a Declaration of Trust dated as of June 1, 2008 (the "Original Declaration"), pursuant to which Full Term Certificates of Participation in the installment payments under the Original Contract in the principal amount of \$111,440,000 (the "2008 Certificates"), were executed and delivered by the Trustee.

F. The District has approved an amendment to the Plan and modified the projects to be financed under the Original Contract and the Commissioner of Education has approved the amendment to the Plan and the modification to the Original Project and has approved the District's borrowing of an additional \$5,000,000 under the Act to finance the Original Project, as modified, and as described in the Amendment to Contract, as hereinafter defined.

G. By Resolution No. B-9-10-2819 adopted September 13, 2010, 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 amendment to the Original Contract to provide additional funds to purchase the real and personal property described in the Plan, as amended, and issuing full term certificates of participation in the installment payments under a supplement to the Original Declaration in the maximum principal amount of \$5,000,000.

H. The Trustee, as vendor, and the District, as vendee, shall enter into an Amendment to Installment Purchase Contract dated as of October 1, 2010 (the "Amendment to Contract") to revise and restate the installment payments, modify the description of the Original Project as described on Exhibit A hereto, and as set forth in the Amendment to the Contract (the "Project") and amend other related matters, such amendment shall modify the Original Contract (the Original Contract as amended by the Amendment to Contract is herein referred to as the "Contract"). The District and the Trustee shall enter into a Supplement to Declaration of Trust dated as of October 1, 2010 (the "Supplement to Declaration"), pursuant to which the Full Term Certificates of Participation, Series 2010C, in the installment payments under the Contract in the principal amount of \$5,000,000 (the "2010C Certificates") shall be executed and delivered by the Trustee (the Original Declaration as supplemented by the Supplement to Declaration is herein referred to as the "Declaration").

I. Pursuant to the Act, the District has applied to the Commissioner of Education for permission to make an additional levy for the additional installment payments under the Amendment to Contract to finance the Project, as modified, and the Commissioner has authorized the modified Original Project and the levy.

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

(1) The Amendment to Contract proposed to be made and entered into between the District and the Trustee; and

(2) The Supplement to Declaration proposed to be made and entered into between the District and the Trustee.

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 Certificates at least two days (omitting Saturdays, Sundays, and legal holidays) before the date set for receipt of bids on the 2010C Certificates.

B. The District has solicited bids for the sale of the Certificates and an offer has been received from Robert W. Baird & Co., Inc. of Milwaukee, Wisconsin (the "Purchaser"), to purchase the 2010C Certificates at a cash price of \$4,987,419.95, plus accrued interest on the total principal amount from October 1, 2010, to the date of delivery and upon condition that the 2010C Certificates mature and bear interest as follows and are payable at the times and on the terms set forth in the Contract and the Declaration.

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

<i>YEAR</i>	<i>AMOUNT</i>	<i>INTEREST RATE</i>
2012	\$210,000	2.00%
2013	\$255,000	2.00%
2014	\$255,000	2.00%
2015	\$260,000	2.00%
2016	\$265,000	2.25%
2017	\$265,000	2.50%
2018	\$275,000	3.00%
2019	\$280,000	3.00%
2020	\$285,000	3.00%
2022	\$600,000	3.00%
2024	\$640,000	3.25%
2026	\$680,000	4.00%
2028	\$730,000	4.00%

D. Redemption. (i) The Certificates maturing in the years 2012 through 2019 shall not be subject to redemption and prepayment before maturity, but those maturing, or subject to mandatory redemption, in the year 2020 and in subsequent years shall each be subject to redemption and prepayment at the option of the District on February 1, 2019, 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 Declaration.

(ii) In the event of damage to all or a portion of the Project and the District makes the certification and election at the times and in the manner set forth in the Contract, the 2010C

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Certificates, or a portion thereof, shall be subject to prepayment on any date, at par plus accrued interest to the date of redemption, as provided for in the Declaration.

(iii) The 2010C Certificates maturing on February 1 in the years 2022, 2024, 2026 and 2028 shall be subject to mandatory redemption prior to maturity pursuant to the requirements of the Declaration at a redemption price equal to the stated principal amount thereof plus interest accrued thereon to the redemption date, without premium. The Trustee shall select for redemption, by lot or other manner deemed fair, on February 1 in each of the following years the following stated principal amounts:

For Certificates maturing on February 1, 2022:

Year	Amount
2021	\$295,000
2022*	\$305,000

* Final Maturity

For Certificates maturing on February 1, 2024:

Year	Amount
2023	\$315,000
2024*	\$325,000

* Final Maturity

For Certificates maturing on February 1, 2026:

Year	Amount
2025	\$335,000
2026*	\$345,000

* Final Maturity

For Certificates maturing on February 1, 2028:

Year	Amount
2027	\$360,000
2028*	\$370,000

* Final Maturity

E. 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 Certificates in accordance with the Purchaser's proposal.

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 Amendment to Contract and the Supplement to Declaration;

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

C. The installment payments under the Contract 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. 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 levy

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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.

B. The District maintains a Debt Service Fund on its books and records. A separate account was created within the Debt Service Fund and is designated as the "Installment Purchase Contract Account" (the "Contract Account"). The tax levies provided for in this Section 4 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 may 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.

Section 5. The Amendment to Contract and the Supplement to Declaration are hereby approved. The Chair and the Clerk are hereby authorized and directed to execute and deliver the Amendment to Contract and the 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 Amendment to Contract and the 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 Amendment to Contract and the 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 2010C Certificates being registered as depository obligations with The Depository Trust Company, New York, New York, as set forth in the Declaration.

Section 6. 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 Amendment to Contract and the Supplement to Declaration, and the issuance, sale and delivery of the 2010C Certificates.

Section 7. All covenants, stipulations, obligations and agreements of the District contained in this Resolution and the Contract and the 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 the Amendment to Contract and the Supplement to Declaration. 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 8. Except as herein otherwise expressly provided, nothing in this Resolution or in the Contract and the 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 2010C 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

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being for the sole and exclusive benefit of the District, the Trustee, the Purchaser, and any holder from time to time of the 2010C Certificates issued under the provisions of this Resolution.

Section 9. 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 Amendment to Contract and the Supplement to Declaration, and the 2010C Certificates, without further action of the Board, for the full, punctual and complete performance of all the terms, covenants and agreements contained in the 2010C Certificates, the aforementioned documents and this Resolution, including but not limited to the execution and delivery of amendments to the Contract to add real property to the Contract and the execution and delivery of deeds and ground leases as provided for in the Contract.

Section 10. 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 11. 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 12. 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 2010C 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 2010C Certificates, certified copies of all proceedings and records of the District relating to the 2010C 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 2010C 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 and heretofore furnished, shall constitute representations of the District as to the truth of all statements made by the District and contained herein.

Section 13. The School Board has covenanted and has obligated itself in Resolution No. B-9-10-2819 adopted September 13, 2010, to be bound by the provisions of Minnesota Statutes, Section 126C.55. The School Board hereby reaffirms such covenants and obligations.

Section 14. The District hereby authorizes the circulation of the final Official Statement in connection with the sale and delivery of the 2010C Certificates.

Section 15. Tax Covenants.

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

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

C. The School Board covenants and certifies to and for the benefit of the owners of the 2010C Certificates that no use will be made of the proceeds of the Certificates, which will cause the 2010C Certificates to be arbitrage bonds within the meaning of Section 148(a) of the Code and the Treasury Regulations promulgated thereunder. Pursuant to such covenant, the School Board hereby agrees to comply throughout the term of the issue of the 2010C Certificates with the requirements of Section 148 of the Code and any Treasury Regulations promulgated thereunder and Article V of the Declaration.

D. In order to qualify the 2010C Certificates as "qualified tax-exempt obligations: within the meaning of Section 265(b)(3) of the Code, the District hereby makes the following factual statements and representations:

- (1) the 2010C Certificates are not "private activity bonds" as defined in Section 141 of the Code;
- (2) the District hereby designates the 2010C Certificates as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code;
- (3) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the District (and all entities whose obligations will be aggregated with those of the District) during the calendar year in which the 2010C Certificates were issued will not exceed \$30,000,000; and
- (4) not more than \$30,000,000 of obligations issued by the District during the calendar year in which the 2010C Certificates were issued have been designated for the purposes of Section 265(b)(3) of the Code.

Section 16. Continuing Disclosure. The District acknowledges that the 2010C 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 2010C Certificates and the security therefor and to permit underwriters

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of the 2010C Certificates to comply with the Rule, which will enhance the marketability of the 2010C 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 21st day of September, 2010.

EXHIBIT A
Project Descriptions

1. Congdon Elementary
 - Gym Addition
 - Portion of Land Acquisition for Site Expansion and Parking Lot Improvements
2. Grant Elementary
 - Classroom, Gym, Media Center, Head Start/Special Education and Resource Area Additions
 - Land Acquisition for Site Expansion
3. Homecroft Elementary
 - Classroom Addition
4. New Laura MacArthur Elementary
 - New Elementary Building for 550 Students (to be enlarged for Head Start and special education program)
 - Land Acquisition for Site Expansion
5. New Lester Park Elementary
 - New Elementary Building for 550 Students
 - Land Acquisition for Site Expansion
6. Ordean High School
 - Classroom, Activities and Secondary Technical Additions
 - Stadium
 - Portion of Land Acquisition for Site Expansion and Parking Lot Improvements
7. East Middle School
 - New Aquatics Center
8. Denfeld High School
 - New Cafeteria, Classroom and Secondary Technical Additions
 - Land Acquisition for Site Expansion
9. Transportation Facility
 - Preliminary Design Only

EXHIBIT B

Tax Levy Schedule

LEVY YEAR	COLLECTION YEAR	2008 CERTIFICATES TAX LEVY	2010C CERTIFICATES TAX LEVY	TOTAL TAX LEVY
2007	2008	\$5,633,908.33*	---	\$5,633,908.33
2008	2009	\$6,120,462.50	---	\$6,120,462.50
2009	2010	\$6,530,937.50	---	\$6,530,937.50
2010	2011	\$7,780,312.50	\$413,450.00**	\$8,193,762.50
2011	2012	\$7,933,662.50	\$403,387.50	\$8,337,050.00
2012	2013	\$8,097,737.50	\$398,287.50	\$8,496,025.00
2013	2014	\$8,257,487.50	\$398,187.50	\$8,655,675.00
2014	2015	\$8,415,887.50	\$397,987.50	\$8,813,875.00
2015	2016	\$8,581,487.50	\$392,025.00	\$8,973,512.50
2016	2017	\$8,753,487.50	\$395,400.00	\$9,148,887.50
2017	2018	\$8,946,087.50	\$392,150.00	\$9,338,237.50
2018	2019	\$9,147,887.50	\$388,750.00	\$9,536,637.50
2019	2020	\$9,357,887.50	\$390,200.00	\$9,748,087.50
2020	2021	\$9,577,187.50	\$391,350.00	\$9,968,537.50
2021	2022	\$9,793,187.50	\$392,200.00	\$10,185,387.50
2022	2023	\$10,027,725.00	\$391,962.50	\$10,419,687.50
2023	2024	\$10,279,287.50	\$391,400.00	\$10,670,687.50
2024	2025	\$10,473,150.00	\$388,000.00	\$10,861,150.00
2025	2026	\$10,693,750.00	\$389,200.00	\$11,082,950.00
2026	2027	\$10,904,250.00	\$384,800.00	\$11,289,050.00

* Anticipatory Levy

** Such amount shall be reduced by \$50,888.77, the amount of accrued interest, unused discount and rounding

M-Wasson, S-Seliga Punyko, To Approve Resolution B-9-10-2816- Resolution Authorizing The Execution And Delivery Of An Amendment To Installment Purchase Contract And A Supplement To Declaration Of Trust And Approving The Issuance, Sale And Delivery Of \$5,000,000 Full Term Certificates Of Participation, Series 2010C.:

Board discussion took place regarding the bond sales, and a final sale update that will be distributed to board members by Mr. Hoheisel.

Upon a vote taken, the same was approved – 5-2 as follows:

Yea: Cameron, Grover, Kasper, Seliga Punyko, Wasson

Nay: Glass, Johnston

Member Wasson presented the resolution:

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDMENT
TO LEASE PURCHASE AGREEMENT AND SUPPLEMENT TO DECLARATION OF
TRUST AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF \$1,605,000
CERTIFICATES OF PARTICIPATION, SERIES 2010D

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. A. Pursuant to the authority contained in Minnesota Statutes, Section 465.71, 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.

B. The District has approved a Long-Range Facilities Plan (the "Plan") and the Commissioner of Education has approved the District's borrowing of \$35,404,371 under the Act to finance the purchase of real and personal property for the improvement of the school facilities described on Exhibit A hereto; such improvements which constitute the Project being described in the Original Lease (as hereinafter defined).

C. By Resolution No. B-8-09-2680, adopted September 17, 2009, 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 a lease purchase agreement pursuant to the Act to finance the costs of the Project, with the interest component of the rental payments being tax-exempt under the Internal Revenue Code of 1986, as amended, and issuing certificates of participation in the rental payments under the lease purchase agreement in the maximum principal amount of \$35,400,000 pursuant to a declaration of trust.

D. The District selected Associated Trust Company, National Association, Green Bay, Wisconsin (the "Trustee") to act as lessor and the trustee as follows: the Trustee, as lessor, entered into a Lease Purchase Agreement dated as of October 1, 2009 (the "Original Lease") 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 October 1, 2009 (the "Original Declaration"), pursuant to which the Certificates of Participation, Series 2009B in the Rental Payments under the Original Lease in the principal amount of \$35,400,000 (the "2009 Certificates"), were executed and delivered by the Trustee.

E. The District has approved an amendment to the Plan and the Commissioner of Education has approved the amendment to the Plan and the District's borrowing of an addition \$1,605,000 under the Act to finance costs of the Project.

F. By Resolution No. B-9-10-2820 adopted September 13, 2010, 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 amendment to the Original Lease to provide additional funds to purchase the real and personal property described in the Plan, as amended, and issuing certificates of participation in the rental payments under a supplement to the Original Declaration in the maximum principal amount of \$1,605,000.

G. The Trustee, as lessor, and the District, as lessee, shall enter into an Amendment to Lease Purchase Agreement dated as of October 1, 2010 (the "Amendment to Lease"), to revise and restate the rental payments, such amendment shall modify the Original Lease (the Original Lease as modified by the Amendment to Lease is herein referred to as the "Lease"). The District and the

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Trustee shall enter into a Supplement to Declaration of Trust dated as of October 1, 2010 (the "Supplement to Declaration"), pursuant to which the Certificates of Participation, Series 2010D in the rental payments under the Lease in the principal amount of \$1,605,000 (the "2010D Certificates") shall be executed and delivered by the Trustee (the Original Declaration as supplemented by the Supplement to Declaration is herein referred to as the "Declaration").

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

(1) The Amendment to Lease proposed to be made and entered into between the District and the Trustee, as lessor; and

(2) The Supplement to Declaration proposed to be made and entered into between the District and the Trustee, as trustee.

Section 2. The District has solicited bids for the sale of the 2010D Certificates and an offer has been received from Northland Securities, Inc. of Minneapolis, Minnesota (the "Purchaser"), to purchase the 2010D Certificates at a cash price of \$1,580,925.00, plus accrued interest on the total principal amount from October 1, 2010, to the date of delivery and upon condition that the 2010D Certificates mature and bear interest as follows and are payable at the times and on the terms set forth in the Lease and the Declaration.

C. The 2010D 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:

<i>YEAR</i>	<i>AMOUNT</i>	<i>INTEREST RATE</i>
2011	\$90,000	2.500%
2012	\$65,000	2.500%
2013	\$65,000	2.500%
2015	\$130,000	2.500%
2017	\$130,000	3.000%
2019	\$140,000	3.500%
2021	\$150,000	4.000%
2023	\$160,000	4.000%
2025	\$175,000	4.250%
2028	\$285,000	4.500%
2030	\$215,000	4.650%

D. Redemption. (i) The 2010D Certificates maturing in the years 2011 through 2019 shall not be subject to redemption and prepayment before maturity, but those maturing, or subject to mandatory redemption, in the year 2020 and in subsequent years shall each be subject to redemption and prepayment at the option of the District on March 1, 2019, 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 Declaration.

(ii) In the event of damage to all or a portion of the Project and the District makes the certification and election at the times and in the manner as set forth in the Lease, the 2010D Certificates, or a portion thereof, shall be subject to prepayment on any date, at par plus accrued interest to the date of redemption, as provided for in the Declaration.

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(iii) The 2010D Certificates maturing on March 1 in the years 2015, 2017, 2019, 2021, 2023, 2025, 2028 and 2030 shall be subject to mandatory redemption prior to maturity pursuant to the requirements of the Declaration at a redemption price equal to the stated principal amount thereof plus interest accrued thereon to the redemption date, without premium. The Trustee shall select for redemption, by lot or other manner deemed fair, on March 1 in each of the following years the following stated principal amounts:

For the 2010D Certificates maturity on March 1, 2015:

Year	Amount
2014	\$65,000
2015*	\$65,000

* Final Maturity

For the 2010D Certificates maturity on March 1, 2017:

Year	Amount
2016	\$65,000
2017*	\$65,000

* Final Maturity

For the 2010D Certificates maturity on March 1, 2019:

Year	Amount
2018	\$70,000
2019*	\$70,000

* Final Maturity

For the 2010D Certificates maturity on March 1, 2021:

Year	Amount
2020	\$75,000
2021*	\$75,000

* Final Maturity

For the 2010D Certificates maturity on March 1, 2023:

Year	Amount
2022	\$80,000
2023*	\$80,000

* Final Maturity

For the 2010D Certificates maturity on March 1, 2025:

Year	Amount
2024	\$85,000
2025*	\$90,000

* Final Maturity

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For the 2010D Certificates maturity on March 1, 2028:

Year	Amount
2026	\$90,000
2027	\$95,000
2028*	\$100,000

* Final Maturity

For the 2010D Certificates maturity on March 1, 2030:

Year	Amount
2029	\$105,000
2030*	\$110,000

* Final Maturity

E. 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 2010D Certificates in accordance with the Purchaser's proposal.

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 Amendment to Lease and the Supplement to Declaration;

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

C. The Rental Payments under the Lease are subject to annual appropriation by the District and the Lease is subject to termination at the end of each fiscal year of the District.

Section 4. There was created and shall be continued a separate Rental Payment Account (the "Account") for payment of the Rental Payments under the Lease, which shall be a separate segregated account within the District's general fund. The monies in the Account shall be used for no purpose other than the payment of the Rental Payments and the other payments under the Lease. The Chief Financial Officer/Executive Director of Business Services is authorized and directed to transfer monies of the District to the Account, as from time to time authorized by the District's budget, in the amounts so authorized to pay the Rental Payments and the other payments due under the Lease.

Section 5. The Amendment to Lease and the Supplement to Declaration are hereby approved. The Chair and the Clerk are hereby authorized and directed to execute and deliver the Amendment to Lease and the 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 Amendment to Lease and the 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 Amendment to Lease and the 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 2010D Certificates being registered as depository obligations with The Depository Trust Company, New York, New York, as set forth in the Declaration.

Section 6. 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 Amendment to Lease and the Supplement to Declaration, and the issuance, sale and delivery of the 2010D Certificates.

Section 7. All covenants, stipulations, obligations and agreements of the District contained in this Resolution and the Lease and the 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 the Amendment to Lease and the Supplement to Declaration. 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 8. Except as herein otherwise expressly provided, nothing in this Resolution or in the Lease and the 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 2010D 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 2010D Certificates issued under the provisions of this Resolution.

Section 9. 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 Amendment to Lease and the Supplement to Declaration, and the 2010D Certificates, without further action of the Board, for the full, punctual and complete performance of all the terms, covenants and agreements contained in the 2010D Certificates, the aforementioned documents and this Resolution.

Section 10. 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 11. 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 12. 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 2010D 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 2010D Certificates, certified copies of all proceedings and records of the District relating to the 2010D Certificates and such other affidavits, certificates and opinions as may be required to show the facts relating to the legality, tax-exempt status and marketability of the 2010D 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 those heretofore furnished,

shall constitute representations of the District as to the truth of all statements made by the District and contained herein.

Section 13. The District hereby authorizes the circulation of the final Official Statement in connection with the sale and delivery of the 2010D Certificates.

Section 14. Tax Covenants.

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

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

C. The School Board covenants and certifies to and for the benefit of the owners of the 2010D Certificates that no use will be made of the proceeds of the 2010D Certificates which will cause the 2010D Certificates to be arbitrage bonds within the meaning of Section 148(a) of the Code and the Treasury Regulations promulgated thereunder. Pursuant to such covenant, the School Board hereby agrees to comply throughout the term of the issue of the 2010D Certificates with the requirements of Section 148 of the Code and any Treasury Regulations promulgated thereunder and Section 5.01 of the Declaration.

D. In order to qualify the 2010D Certificates as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, the District hereby makes the following factual statements and representations:

(1) the 2010D Certificates are not "private activity bonds" as defined in Section 141 of the Code;

(2) the District hereby designates the 2010D Certificates as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code;

(3) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the District (and all entities whose obligations will be aggregated with those of the District) during the calendar year in which the 2010D Certificates were issued will not exceed \$30,000,000; and

(4) not more than \$30,000,000 of obligations issued by the District during the calendar year in which the 2010D Certificates were issued have been designated for the purposes of Section 265(b)(3) of the Code.

Section 15. Continuing Disclosure. The District acknowledges that the 2010D 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 obligations enter into agreements for the benefit of the bondholders to provide continuing disclosure with respect to the obligations. To provide for the public availability of certain information relating to the 2010D Certificates and the security therefor and to permit underwriters of the 2010D Certificates to comply with the Rule, which will enhance the marketability of the 2010D 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 21st day of September, 2010.

EXHIBIT A
School Facilities to be Improved

1. Congdon Elementary
2. Grant Elementary
3. Homecroft Elementary
4. Lakewood Elementary
5. Lowell Elementary
6. Stowe Elementary
7. Ordean High School
8. East Middle School
9. Denfeld High School
10. Historic Old Central High School

M-Wasson, S-Seliga Punyko, To Approve Resolution B-9-10-28 Resolution Authorizing The Execution And Delivery Of An Amendment To Lease Purchase Agreement And Supplement To Declaration Of Trust And Approving The Issuance, Sale And Delivery Of \$1,605,000 Certificates Of Participation, Series 2010D.

Upon a vote taken, the same was approved-5-2 as follows:

Yea: Cameron, Grover, Kasper, Seliga Punyko, Wasson

Nay: Glass, Johnston

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Member Wasson presented the resolution:

RESOLUTION
Change Fund

RESOLVED, By the School Board of Independent School District No. 709, St. Louis County, Minnesota that a \$1,800.00 change fund account be established for high school events.

B-9-10-2818

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M-Wasson, S-Seliga Punyko, to approve Resolution B-9-10-2818- Change Fund. Upon a vote taken, the same was approved – unanimously.

M-Wasson, S-Seliga Punyko, to approve the remainder of the Business Committee report, as presented.

Member Glass withheld Items 6.I. and 6.J.

Member Johnston withheld Items 1.D., 1.G., 2.A.1), 2.A.2), 4.B.3), and 6.B.

Upon a separate vote taken on item 1.D. – Wire Transfers, the same was approved – unanimously.

Upon a vote take on Item 1.G. – Fund Raisers, the same was approved – unanimously

Upon a separate vote on Item 2.A.1) – the same passed 6-1 as follows:

Yea: Cameron, Grover, Johnston, Kasper, Seliga Punyko, Wasson

Nay: Glass

Upon a separate vote on Item 4.B.1) – Denfeld High School-Change Order- Asbestos Abatement, the same was approved – unanimously.

Upon a separate vote on Item 4.B.3) – Laura MacArthur-Change Order-Earth Work, the same was approved 6-1 as follows:

Yea: Cameron, Grover, Johnston, Kasper, Seliga Punyko, Wasson

Nay: Glass

Upon a separate vote on Item 4.C.1) – Woodland Hills Lease, the same was approved – unanimously.

Upon a vote taken on the remainder of the Business Committee, the same was approved 5-2 as follows:

Yea: Cameron, Grover, Kasper, Seliga Punyko, Wasson

Nay: Glass, Johnston

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Member Johnston withheld informational items 6.A. and 6.B. but withdrew his request.

Member Glass withheld Item 6.I. – Zero Hour Bussing to state that he would like to see administration look into the issue further. Board discussion continued on the zero hour bussing and parking issues at Central High.

Member Kasper asked when the board would be discussing the new federal monies. Superintendent Dixon stated that there would be a committee of the whole meeting to talk about those monies and asked board members to let Sue Talerico know of their availability to meet over the next two weeks.

Member Glass withheld Item 6.J. to ask if there was a summary of the information that Kevin Rupp had presented at the business committee. Board discussion took place regarding the presentation and the need and or cost to have it summarized on paper.

Member Johnston withheld Item 6.J. for discussion.

Other
September 2010

M-Cameron, S-Seliga Punyko to adjourn the meeting. Upon a vote the same was approved – 4-3 as follows:

Yea: Cameron, Grover, Seliga Punyko, Wasson

Nay: Glass, Johnston, Kasper

Chair Grover adjourned the regular school board meeting of September 21, 2010 at 8:46 p.m.