

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 \$6,340,000  
Certificates Of Participation, Series 2012b

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; 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, Milwaukee, 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. 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.

F. The Trustee, as lessor, and the District, as lessee, entered into an Amendment to Lease Purchase Agreement dated as of October 1, 2010 (the "First Amendment to Lease"), to revise and restate the rental payments, such amendment shall modify the Original Lease. The District and the Trustee also entered into a Supplement to Declaration of Trust dated as of October 1, 2010 (the "First 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") were executed and delivered by the Trustee.

G. The District has approved an amendment to the Plan and the Commissioner of Education has approved the District's borrowing of an additional \$6,430,000 under the Act to finance additional costs for Congdon Elementary and Grant Elementary (now Myers-Wilkins Elementary).

H. By Resolution No. B-4-12-3008 adopted April 24, 2012, 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, as amended, to provide additional funds to purchase the real and personal property for the items listed for Congdon Elementary and Grant Elementary (now Myers-Wilkins Elementary), which are a portion of the Project and issuing certificates of participation in rental payments under a supplement to the Original Declaration, as supplemented, in the maximum principal amount of \$6,340,000.

I. The Trustee, as lessor, and the District, as lessee, shall enter into an Amendment to Lease Purchase Agreement dated as of June 1, 2012 (the "Second Amendment to Lease"), to revise and restate the rental payments, such amendment shall modify the Original Lease, as modified by the First Amendment to Lease (the Original Lease, as modified by the First Amendment to Lease and the Second Amendment to Lease, is herein referred to as the "Lease"). The District and the Trustee shall enter into a Supplement to Declaration of Trust dated as of June 1, 2012 (the "Second Supplement to Declaration"), pursuant to which the Certificates of Participation, Series 2012B, in the rental payments under the lease in the principal amount of \$6,340,000 (the "2012B Certificates") shall be executed and delivered by the Trustee (the Original Declaration, as supplemented by the First Supplement to Declaration and the Second Supplement to Declaration, is herein referred to as the "Declaration").

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

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

(2) The Second 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 2012B Certificates and an offer has been received from \_\_\_\_\_ of \_\_\_\_\_, \_\_\_\_\_ (the "Purchaser"), to purchase the 2012B Certificates at a cash price of \$\_\_\_\_\_, plus accrued interest on the total principal amount from June 6, 2012, to the date of delivery and upon condition that the 2012B 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 2012B 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>
2014	\$260,000	
2015	\$265,000	
2016	\$270,000	
2017	\$270,000	
2018	\$275,000	
2019	\$285,000	
2020	\$290,000	
2021	\$300,000	

2022	\$310,000	
2023	\$320,000	
2024	\$330,000	
2025	\$340,000	
2026	\$355,000	
2027	\$370,000	
2028	\$385,000	
2029	\$400,000	
2030	\$420,000	
2031	\$435,000	
2032	\$460,000	

D. Redemption. (i) The 2012B Certificates maturing in the years 2014 through 2021 shall not be subject to redemption and prepayment before maturity, but those maturing, or subject to mandatory redemption, in the year 2022 and in subsequent years shall each be subject to redemption and prepayment at the option of the District on March 1, 2021, 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 2012B 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 2012B Certificates maturing on March 1 in the years 20\_\_, 20\_\_ and 20\_\_ 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 2012B Certificates maturing on March 1, 20\_\_:

Year	Amount
	\$
*	\$

\* Final Maturity

For the 2012B Certificates maturing on March 1, 20\_\_:

Year	Amount
	\$
*	\$

\* Final Maturity

For the 2012B Certificates maturing on March 1, 20\_\_:

Year	Amount
	\$
*	\$

\* 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 2012B 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 Second Amendment to Lease and the Second Supplement to Declaration;

B. The terms of the Second Amendment to Lease and the Second 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 Second Amendment to Lease 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 Lease 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 Lease 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 Lease 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 2012B 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 Second Amendment to Lease and the Second Supplement to Declaration, and the issuance, sale and delivery of the 2012B 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 Second Amendment to Lease and the Second 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 2012B 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 2012B 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 Second Amendment to Lease and the Second Supplement to Declaration, and the 2012B Certificates, without further action of the Board, for the full, punctual and complete performance of all the terms, covenants and agreements contained in the 2012B 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 2012B 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 2012B Certificates, certified copies of all proceedings and records of the District relating to the 2012B 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 2012B 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 2012B Certificates.

Section 14. Tax Covenants.

A. The District covenants and agrees with the holders of the 2012B Certificates that the District will (i) take all action on its part necessary to cause the interest on the 2012B 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 2012B 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 2012B Certificates to be subject to federal income taxes, including, without limitation, refraining from spending the proceeds of the 2012B Certificates and investment earnings thereon on certain specified purposes.

B. No portion of the proceeds of the 2012B 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 2012B 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 2012B Certificates or \$100,000. To this effect, any proceeds of the 2012B 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 2012B 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 2012B 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 2012B 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 2012B Certificates that no use will be made of the proceeds of the 2012B Certificates which will cause the 2012B 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 2012B Certificates with the requirements of Section 148 of the Code and any Treasury Regulations promulgated thereunder and Section 5.01 of the Declaration.

Section 15. Continuing Disclosure. The District acknowledges that the 2012B 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 2012B Certificates to comply with the Rule, which will enhance the marketability of the 2012B 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 15<sup>th</sup> day of May, 2012.

Motion made by Member \_\_\_\_\_, seconded by Member \_\_\_\_\_, to approve Resolution #B-5-12-\_\_\_\_, as presented. Upon a vote taken, the same was approved as follows:

Yeah:

Nay:

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Clerk

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Chair

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