

CERTIFICATION OF MINUTES RELATING TO
LEASE-PURCHASE AGREEMENT

Issuer: Independent School District No. 877 (Buffalo-Hanover-Montrose), Minnesota

Governing Body: School Board

Kind, date, time and place of meeting: A regular meeting held February 24, 2014, at 7:00 p.m., at the Phoenix Learning Center.

Members present:

Members absent:

Documents Attached:

Minutes of said meeting (including):

RESOLUTION RELATING TO A LEASE-PURCHASE FINANCING;
AUTHORIZING THE EXECUTION AND DELIVERY OF A MASTER TAX-
EXEMPT LEASE/PURCHASE AGREEMENT AND THAT CERTAIN
PROPERTY SCHEDULE NO. 1 EXECUTED PURSUANT THERETO; AND
APPROVING AND AUTHORIZING EXECUTION OF RELATED
DOCUMENTS

I, the undersigned, being the duly qualified and acting recording officer of the public corporation issuing the obligations referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of said corporation in my legal custody, from which they have been transcribed; that said documents are a correct and complete transcript of the minutes of a meeting of the governing body of said corporation, and correct and complete copies of all resolutions and other actions taken and of all documents approved by the governing body at said meeting, so far as they relate to said obligations; and that said meeting was duly held by the governing body at the time and place and was attended throughout by the members indicated above, pursuant to call and notice of such meeting given as required by law.

WITNESS my hand officially as such recording officer on February 24, 2014.

School District Clerk

Member _____ introduced the following resolution and moved its adoption, which motion was seconded by Member _____:

RESOLUTION RELATING TO A LEASE-PURCHASE FINANCING;
AUTHORIZING THE EXECUTION AND DELIVERY OF A MASTER TAX-
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PROPERTY SCHEDULE NO. 1 EXECUTED PURSUANT THERETO; AND
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BE IT RESOLVED by the School Board (the "Board") of the Independent School District No. 877 (Buffalo-Hanover-Montrose), Minnesota (the "District"), as follows:

SECTION 1. AUTHORIZATION. The District is authorized by Minnesota Statutes, Section 465.71 to execute a lease-purchase agreement to acquire and install computer hardware and software and related SmartNet services essential to the functioning of such hardware and software and constituting a capital cost thereof (the "Property"). It is hereby found, determined and declared to be necessary and desirable and in the best interest of the District to execute and deliver a Master Tax-Exempt Lease/Purchase Agreement, that certain Property Schedule No. 1 executed pursuant thereto, and related documents for such purposes in the principal amount of \$398,400.95 and such execution and delivery is hereby authorized and approved in all respects.

SECTION 2. FINANCING. In connection with the lease-purchase financing of the Property, the District has received an offer from Key Government Finance, Inc., in Superior, Colorado (the "Purchaser"), to finance the Equipment in the principal amount of \$398,400.95 on the further terms and conditions as hereinafter set forth. Such offer is hereby accepted and the lease-purchase financing of the Property is awarded to the Purchaser.

SECTION 3. DOCUMENTS. There have been or will be prepared forms of the Master Tax-Exempt Lease/Purchase Agreement to be dated as of February __, 2014 (the "Lease"), by and between the District and the Purchaser; Property Schedule No. 1 (the "Property Schedule") to be dated as of February __, 2014, by and between the District and the Purchaser; the Escrow Agreement to be dated as of February __, 2014, by and between the District, the Purchaser and KeyBank National Association, as escrow agent; and all other documents necessary for the acquisition and installation of the Property (collectively, the "Documents"), which Documents are now or shall be placed on file in the office of the Superintendent. The forms of such Documents are approved, with such variations, insertions and additions as are deemed appropriate by the parties and approved by bond counsel to the District.

SECTION 4. EXECUTION. Upon finalization of the Documents and the execution thereof by the other parties thereto, the Chair and Clerk, or other designated signatories acting on their behalf, shall execute and deliver the Documents on behalf of the District. All certifications, recitals, warranties and representations therein shall constitute the certifications, recitals, warranties and representations of the District. Execution of any instrument or document by one or more appropriate officers of the District shall constitute and shall be deemed conclusive

evidence of the approval and authorization by the District and the Board of the instrument or document so executed.

SECTION 5. PAYMENT OF RENTAL PAYMENTS. The District will pay to the Lessor promptly when due, all of the Rental Payments and other amounts required by the Lease and the Property Schedule. Payment of the Rental Payments is subject to the provisions for termination set forth in the Lease, which provides that the Lease is subject to termination by the District, without penalty, at the end of any fiscal year of the District, in accordance with the terms thereof. The full faith and credit and ad valorem taxing powers of the District are not pledged to the payment of the District's obligations under the Lease or Property Schedule.

SECTION 6. TAX COVENANTS AND ARBITRAGE MATTERS

6.1. Covenant. The District covenants and agrees with the owners from time to time of the Lease, that it will not take, or permit to be taken by any of its officers, employees or agents, any action which would cause the interest component of the Rental Payments payable under the Lease or the Property Schedule and received by the registered owners of the Lease or Property Schedule to become subject to taxation under the Internal Revenue Code of 1986, as amended (the "Code"), and any regulations promulgated thereunder (the "Treasury Regulations") in effect at the time of such action, and that it will take, or will cause its officers, employees or agents to take, all affirmative actions within its powers, which may be necessary to insure that the interest component of the Rental Payments payable under the Lease and received by the registered owners of the Lease will not become subject to taxation under the Code and the Treasury Regulations, as presently existing or as hereafter amended and made applicable to the Lease. So long as the Lease is outstanding, the District will not enter into any lease, use agreement or other contract or agreement respecting the Property which would cause the Lease to be considered a "private activity bond" pursuant to the provisions of Section 141 of the Code.

6.2. Arbitrage Certification. The Chair and School District Clerk, being the officers of the District charged with the responsibility for issuing the Lease pursuant to this resolution, are authorized and directed to execute and deliver to the Purchaser a certificate in accordance with the provisions of Section 148 of the Code, and Section 1.148-2(b) of the Treasury Regulations, stating the facts, estimates and circumstances in existence on the date of issue and delivery of the Lease which make it reasonable to expect that the proceeds of the Lease will not be used in a manner that would cause the Lease to be an arbitrage bond within the meaning of the Code and Treasury Regulations.

6.3. Qualified Tax-Exempt Obligations. The Board hereby designates the Lease as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code relating to the disallowance of interest expense for financial institutions, and hereby finds that the reasonably anticipated amount of qualified tax-exempt obligations, which are not private activity bonds (not treating qualified 501(c)(3) bonds under Section 145 of the Code as private activity bonds for the purpose of this representation) which will be issued by the District and all subordinate entities during calendar year 2014 does not exceed \$10,000,000. In no event will the District designate in the calendar year 2014 more than \$10,000,000 of its obligations as "qualified tax-exempt obligations."

6.4. Arbitrage Rebate Exemption. (a) The District anticipates that the eighteen (18) month spending exception to rebate under Section 1.148-7(d) of the Regulations will be satisfied with respect to the use of “gross proceeds” of the Lease, as defined by Section 1.148-7(c) of the Regulations. Such gross proceeds shall be allocated to expenditures for a governmental purpose in accordance with the following expenditure schedule set out in the Regulations, measured from the date hereof:

- (i) At least fifteen percent (15%) within six months;
- (ii) At least sixty percent (60%) within twelve months; and
- (iii) One hundred percent (100%) within eighteen months.

The District acknowledges the expenditure exception set forth in this paragraph is not satisfied by a statement of the expectation of the District, but will be satisfied only by actual spending of the gross proceeds in accordance with Section 1.148-7 of the Regulations.

(b) Notwithstanding the provisions of paragraph (a) of this Section 6.4, if the arbitrage rebate provisions of Section 148(f) of the Code apply to the Lease, the District hereby covenants and agrees to make the determinations, retain records and rebate to the United States the amounts at the times and in the manner required by said Section 148(f) and applicable Treasury Regulations.

SECTION 7. ADDITIONAL AUTHORIZATIONS. In the absence or other unavailability of the Chair, any document authorized in this resolution to be executed by the Chair may be executed by the Vice Chair or the Acting Chair and, in the absence or other unavailability of the School District Clerk, any document authorized in this resolution to be executed by the School District Clerk may be executed by the Acting School District Clerk.

Upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon the resolution was declared duly passed and adopted.