

## **RESOLUTION**

Providing for the issuance, sale and delivery of \$3,640,000 taxable general obligation facilities maintenance bonds, series 2017a; establishing the terms and form thereof; creating a construction fund and debt service fund therefor; and awarding the sale thereof

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

### **Section 1. Bond Purpose and Authorization.**

1.01 A. The District, pursuant to Minnesota Statutes, Section 123B.595, and Minnesota Statutes, Chapter 475 (collectively, the “Act”), is authorized to issue general obligation bonds to provide funds to finance repairs and replacements contained in the District’s 10-year facility plan under the Act, as updated (the “Plan”), as approved by the Board and Commissioner of Education. The Plan is incorporated in this resolution as though fully specified herein.

B. The District has undertaken a program to (i) renovate the Rockridge Elementary building, and (ii) replace the Lakewood Elementary School roof (the “Project”). The School Board desires to obtain the financing for the Project through the Act.

C. The Board has determined to issue its Taxable General Obligation Facilities Maintenance Bonds, Series 2017A (the “Bonds”), in the amount of \$3,640,000 pursuant to the Act to pay for the Project and costs of issuance of the Bonds, and to pledge the District’s full faith and credit and power to levy direct ad valorem taxes to pay the principal of and interest on the Bonds.

1.02 Negotiated Sale. The District elects to apply the exception to the public sale requirement contained in Section 475.60, Subdivision 2(9) of the Act, as the District has retained PMA Securities, Inc., to act as its independent financial advisor in connection with the sale of the Bonds.

1.03 Parameters Resolution. A resolution adopted by the Board on May 30, 2017, entitled “Resolution Regarding the Issuance of General Obligation Facilities Maintenance Bonds, Series 2017A,” as amended by a resolution adopted by the Board on August 14, 2017, entitled “Resolution Amending Resolution #B-5-17-3450 Regarding the Issuance of General Obligation Facilities Maintenance Bonds, Series 2017A” (collectively, the “Parameters Resolution”), which authorized any officer of the District and the Superintendent or CFO/Executive Director of Business Services to serve as a pricing committee to approve the sale of the Bonds to Northland Securities, Inc., and execute a bond purchase agreement provided that the principal amount does not exceed \$3,640,000 and the TIC on the Bonds does not exceed 3.5%.

#### 1.04 Award of Sale.

A. Pursuant to the exception to the public sale requirement described in Section 1.02 hereof and the Parameters Resolution, the District has solicited and received an offer from Northland Securities, Inc. of Minneapolis, Minnesota (the “Purchaser”), to purchase the Bonds at

a cash price of \$3,642,394.55, plus accrued interest on the total principal amount from November 29, 2017, to the date of delivery upon the terms and conditions hereafter specified in this Resolution. The Board, after due consideration, finds that the conditions of the Parameters Resolution have been satisfied and that such offer is reasonable and proper and the offer of the Purchaser is accepted.

B. The actions of the officers of the District and the Superintendent and CFO/Executive Director of Business Services taken with respect to the execution on the part of the District of a contract for the sale of the Bonds in accordance with the Purchaser’s proposal and the Parameters Resolution, are ratified and approved.

**Section 2. Terms of the Bonds.**

2.01 Designation; Denominations; Maturities; Interest Rates.

A. The Bonds to be issued hereunder shall be issued as fully-registered bonds designated the \$3,640,000 Taxable General Obligation Facilities Maintenance Bonds, Series 2017A, dated November 29, 2017, as the date of original issue, issued in the denomination of \$5,000, or any integral multiple thereof, in fully registered form and lettered and numbered R-1 and upward.

B. The Bonds shall mature on February 1 in the years and amounts stated below and shall bear interest from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid or provided for, from the date of original issue until paid at the rates per annum set forth below opposite such years and amounts, as follow:

| <b>Year</b> | <b>Principal Amount</b> | <b>Interest Rate</b> |
|-------------|-------------------------|----------------------|
| 2018        | \$755,000               | 2.00%                |
| 2019        | 690,000                 | 2.35%                |
| 2020        | 710,000                 | 3.00%                |
| 2021        | 730,000                 | 3.00%                |
| 2022        | 755,000                 | 3.00%                |

2.02 Interest Payment Dates; Record Date.

A. The Bonds shall bear interest at the annual rates stated therefor in Section 2.01. The interest shall be payable semiannually on February 1 and August 1 in each year (each herein referred to as an “Interest Payment Date”) commencing on February 1, 2018. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board. Interest will be payable in the manner set forth in the form of Bond and this Section.

B. The Bond Registrar designated below shall make all interest payments with respect to the Bonds by check or draft mailed to the person in whose name each Bond is registered (the “Holder”) and in each case at the address shown on the bond registration records maintained by the Bond Registrar at the close of business on the 15<sup>th</sup> day (whether or not on a business day) of the calendar month next preceding the Interest Payment Date (the “Regular

Record Date”). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date fixed for the payment of such defaulted interest (the “Special Record Date”). The Special Record Date shall be fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest and notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than 10 days prior thereto. The term “Holder” shall also include those lawfully entitled to take actions on behalf of the beneficial owners of the Bonds for purposes of any consent or approvals given by Holders.

C. If the date for payment of the principal of, premium, if any, or interest on the Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the City of New York, New York, or the city where the principal office of the Bond Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

2.03 Redemption. The Bonds shall not be subject to optional redemption and prepayment before maturity.

### **Section 3. Registration; Global Book Entry System.**

3.01 Designation of Bond Registrar. The Board hereby appoints U.S. Bank National Association, of St. Paul, Minnesota, as registrar, authenticating agent and transfer agent for the Bonds (such bank or its successors is herein referred to as the “Bond Registrar”), and shall do so until a successor Bond Registrar is duly appointed, all pursuant to a contract which the District and the Bond Registrar shall execute which is consistent herewith and which the Chair and Clerk are hereby authorized to execute and deliver. A successor Bond Registrar shall be a bank or trust company eligible for designation as bond registrar pursuant to the Act. The terms of the appointment of the successor Bond Registrar and its duties shall be specified in a contract between the District and such successor Bond Registrar that is consistent herewith and that the Chair and Clerk are hereby authorized to execute and deliver. The Bond Registrar, which may act through an agent, shall also serve as paying agent until and unless a successor paying agent is duly appointed. The Bond Registrar shall pay principal and interest on the Bonds to the registered Holders (or record Holders) of the Bonds in the manner set forth herein. The District agrees to pay the reasonable and customary charges for the services of such Bond Registrar.

3.02 Designation of Depository. DTC, a Securities and Exchange Commission designated depository, a limited purpose New York trust company, a member of the Federal Reserve System, and a “clearing corporation” within the meaning of the New York Uniform Commercial Code, is hereby designated as the depository (the “Depository”) with respect to the Bonds.

3.03 Authentication of Bonds. No Bond shall be valid or obligatory for any purpose unless or until either (i) the Bond Registrar’s authentication certificate on such Bond, substantially set forth in Section 4.01 hereof, shall have been duly executed by an authorized representative of the Bond Registrar or (ii) the Bonds have been manually executed by at least

one officer of the Board. Authentication certificates on different Bonds need not be signed by the same representative. The Bond Registrar shall authenticate each Bond by execution of the Certificate of Authentication on the Bond and shall date each Bond in the space provided as of the date on which the Bond is registered. For purposes of delivering the original Bonds, the Bond Registrar shall insert as the date of registration the date of original issue. The executed Authentication Certificate or the manual signature of at least one officer of the Board on each Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution.

### 3.04 Bond Register; Transfer; Exchange.

A. The District shall cause to be kept by the Bond Registrar at its principal office, a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the District shall provide for the registration of the Bonds and the registration of transfers of the Bonds entitled to be registered or transferred as herein provided. In the event of the resignation or removal of the Bond Registrar or its incapability of acting as such, the bond registration records shall be maintained at the office of the successor Bond Registrar as may be appointed by the Board.

B. Upon surrender for transfer of any Bond at the principal corporate office of the Bond Registrar, the District shall execute, if required by law or this Resolution, and the Bond Registrar shall authenticate, if required by law or this Resolution, date (in the space designated Date of Registration) and deliver, in the name(s) of the designated transferee or transferees, one or more new Bonds of the like aggregate principal amount having the same stated maturity and interest rate, as requested by the transferor; provided, however, that no Bond may be registered in blank or in the name of "bearer" or similar designation. Transfer of a Bond may be made on the District's books by the registered owner in person or by the registered owner's attorney duly authorized in writing. Transfers shall be subject to reasonable regulations of the District contained in any agreement with, or notice to, the Bond Registrar, including regulations which permit the Bond Registrar to close its transfer books between record dates and payment dates. The District and the Bond Registrar shall not be required to make any transfer or exchange of any Bonds called for redemption or to make any such exchange or transfer of the Bonds during the 15 days next preceding the date of the first publication or the mailing (if there is no publication) of notice of redemption in the case of a proposed redemption of the Bonds.

C. Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the Bond Registrar, duly executed by the registered owner thereof, with signature guaranteed, or by the registered Holder's attorney duly authorized in writing, and shall include written instructions as to the details of the transfer of the Bond. When any Bond is presented to the Bond Registrar for transfer, the Bond Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Bond Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

D. At the option of the Holder, replacement Bonds may be exchanged for Bonds of any authorized denomination or denominations of a like aggregate principal amount and stated maturity, upon surrender of the Bonds to be exchanged at the principal office of the Bond Registrar. Whenever any Bonds are so surrendered for exchange, the District shall execute (if required by law or this Resolution), and the Bond Registrar shall authenticate (if required by law or this Resolution), date (in the space designated Date of Registration) and deliver the replacement Bonds which the Holder making the exchange is entitled to receive. Bonds registered in the name of Cede & Co. may not be exchanged for Bonds of smaller denominations.

E. All Bonds surrendered upon any exchange or transfer provided for in this Resolution shall be promptly canceled by the Bond Registrar and thereafter disposed of as directed by the District.

F. Each Bond delivered upon transfer of or in exchange for or in lieu of any other Bond shall carry all of the rights to interest, accrued and unpaid and to accrue, which are carried by such other Bond. All Bonds delivered in exchange for or upon transfer of Bonds shall be valid general obligations of the District evidencing the same debt, shall be entitled to the same benefits under this Resolution as the Bonds surrendered for such exchange or transfer, and shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bonds.

G. The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of any Bond and any legal or unusual costs regarding transfers and lost bonds.

H. Bonds registered in the name of Cede & Co. may not after their original delivery, be transferred or exchanged except in accordance with the terms and conditions of the Letter of Representations and:

(i) upon exchange of a Bond after a partial redemption, if provided in Section 2.03 of this Resolution;

(ii) to any successor of the Depository (or its nominee) or any substitute depository (a "Substitute Depository") designated pursuant to clause (iii) below; provided that any successor of the Depository or any Substitute Depository must be both a "clearing corporation" as defined in the Minnesota Uniform Commercial Code, Minnesota Statutes, Section 336.8-102, and a qualified and registered "clearing agency" as provided in Section 17A of the Securities Exchange Act of 1934, as amended;

(iii) to a Substitute Depository designated by and acceptable to the District upon (a) the determination by the Depository that the Bonds shall no longer be eligible for its depository services or (b) a determination by the District that the Depository is no longer able to carry out its functions; provided that any Substitute Depository must be qualified to act as such, as provided in subclause (ii) above; or

(iv) in the event that (a) the Depository shall resign or discontinue its services for the Bonds or be declared no longer able to carry out its functions and. the District is

unable to locate a Substitute Depository within two months following the resignation or discontinuance or determination of noneligibility, or (b) the District determines in its sole discretion that (1) the continuation of the book-entry system described herein might adversely affect the interests of the beneficial owners of the Bonds, or (2) it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, then the District shall notify the Holders of its determination and of the availability of replacement Bonds to Holders. The District, the Bond Registrar and the Depository shall cooperate in providing replacement Bonds to Holders requesting the same and the registration, transfer and exchange of such Bonds shall thereafter be conducted as provided in Section 3 of this Resolution.

I. In the event of the designation of a Substitute Depository as authorized by clause H., the Bond Registrar, upon presentation of a Bond, shall register their transfer to the Substitute Depository, and the Substitute Depository shall be treated as the Depository for all purposes and functions under this Resolution. The Letter of Representations shall not apply to the Substitute Depository unless the District and the Substitute Depository so agree, and the execution of a similar agreement is hereby authorized.

### 3.05 Persons Deemed Owners; Payment.

A. The District and the Bond Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest (subject to the payment provisions in Section 2.02 above), on such Bond and for all other purposes whatsoever, whether or not such Bond shall be overdue, and neither the District nor the Bond Registrar shall be affected by notice to the contrary.

B. For the purposes of all actions, consents and other matters affecting Holders of Bonds issued under this Resolution as from time to time supplemented, other than payments, redemptions and purchases, the District may (but shall not be obligated to) treat as the Holder of a Bond the beneficial owner of the Bond instead of the person in whose name the Bond is registered. For that purpose, the District may ascertain the identity of the beneficial owner of the Bond by such means as the Bond Registrar in its sole discretion deems appropriate, including but not limited to a certificate from the Depository or other person in whose name the Bond is registered identifying such beneficial owner.

C. The principal of and interest on the Bonds shall be payable by the Bond Registrar in such funds as are legal tender for the payment of debts due the United States of America. The District shall pay the reasonable and customary charges of the Bond Registrar for the disbursement of principal and interest.

### 3.06 Use of Global Book-Entry System.

A. There has been previously submitted to the District a form of Blanket Issuer Letter of Representations (the "Representation Letter") between the District and the Depository setting forth various matters relating to the Depository and its role with respect to the Bonds. The terms and conditions of the Representation Letter are ratified.

B. All of the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest on and principal of any Bond registered in the name of Cede & Co. shall be made by wire transfer or New York Clearing House or equivalent same day funds by 10:00 a.m. CT or as soon as possible thereafter following the Bond Registrar's receipt of funds from the District on each Interest Payment Date to the account of Cede & Co. on each Interest Payment Date at the address indicated in or pursuant to the Letter of Representations.

C. So long as DTC is the Depository or it or its nominee is the Holder of any Bonds, the District shall comply with the provisions of the Letter of Representations, as it may be amended or supplemented from time to time.

D. Additional matters with respect to, among other things, notices, consents and approvals by Holders and payments on the Bonds are set forth in the Letter of Representations.

3.07 Mutilated, Stolen or Destroyed Bonds. If a Bond becomes mutilated or is destroyed, stolen or lost, the Bond Registrar will deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of and in substitution for any Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Bond Registrar and the District in connection therewith, including the cost of printing new Bonds; and, in the case of a Bond destroyed, stolen or lost, upon filing with the Bond Registrar and the District of evidence satisfactory to it and the District that the Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Bond Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to it and the District and as provided by law, in which both the District and the Bond Registrar must be named as obligees. Bonds so surrendered to the Bond Registrar will be canceled by the Bond Registrar and evidence of such cancellation must be given to the District. If the mutilated, destroyed, stolen or lost Bond has already matured or been called for redemption in accordance with its terms, it is not necessary to issue a new Bond prior to payment.

**Section 4. Preparation, Delivery and Form of the Bonds.**

4.01 The Bonds shall be printed or typewritten in substantially the following form:

UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
COUNTY OF ST. LOUIS

INDEPENDENT SCHOOL DISTRICT NO. 709 (DULUTH)  
TAXABLE GENERAL OBLIGATION FACILITIES MAINTENANCE BOND  
SERIES 2017A

R-\_\_ \$\_\_\_\_\_

| <u>Rate</u> | <u>Maturity Date</u> | <u>Date of Original Issue</u> | <u>CUSIP</u> |
|-------------|----------------------|-------------------------------|--------------|
| ____%       | February 1, 20__     | November 29, 2017             |              |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

Independent School District No. 709 (Duluth), a public corporation and political subdivision of the State of Minnesota and located in St. Louis County, with its administrative offices located in Duluth, Minnesota (the "District"), certifies that it is indebted and for value received, promises to pay to the registered owner specified above or on the Registration Certificate attached hereto, or registered assigns, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date") commencing on February 1, 2018, at the rate per annum specified above, calculated on the basis of a 360-day year of twelve 30-day months, until the principal amount is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, or, if no interest has been paid or provided for, from the date of original issue hereof set forth above.

**Payment.** The principal of and premium, if any, on this Bond are payable by wire transfer (or other agreed means of payment) on each payment date no later than 12:00 noon (New York, New York time) upon presentation and surrender hereof at the office of U.S. Bank National Association, St. Paul, Minnesota, as registrar, paying agent, authenticating agent and transfer agent (the "Bond Registrar"), or at the office of such successor bond registrar as may be designated by the District. Interest on this Bond will be paid on each Interest Payment Date (by 12:00 noon, New York, New York time) by wire transfer (or other agreed means of payment) to the person in whose name this Bond is registered (the "Holder" or "Bondholder") on the registration books of the District maintained by the Bond Registrar and at the address appearing thereon at the close of business on the 15<sup>th</sup> day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid or duly provided for shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date fixed for the payment of the defaulted interest, and notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than 10 days prior thereto. The Bond Registrar shall make all payments with respect to this Bond without, except for payment of principal on the Bond, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the District to the extent of the payments so made. The principal of, premium, if any, and interest on this Bond are payable in lawful money of the United States of America. For the prompt and full payment of such principal and interest as they become due, the full faith and credit of the District are irrevocably pledged.

**Date of Payment Not Business Day.** If the date for payment of the principal of, premium, if any, or interest on this Bond shall be a Saturday,

Sunday, legal holiday or a day on which banking institutions in the City of New York, New York, or the city where the principal office of the Bond Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

**No Optional Redemption.** The Bonds shall not be subject to optional redemption before maturity.

**Issuance; Purpose.** This Bond is one of a series issued by the District in the total aggregate amount of \$3,640,000, all of like original issue date and tenor, except as to number, maturity date, redemption privilege, denomination and interest rate, pursuant to: (i) the authority contained in Minnesota Statutes, Section 123B.595 and Minnesota Statutes, Chapter 475; (ii) the Constitution of the State of Minnesota and all other laws thereunto enabling; and (iii) an authorizing resolution adopted by the governing body of the District on November 21, 2017 (the “Resolution”), and is issued for the purpose of financing the costs to (i) renovate the Rockridge Elementary building, and (ii) replace the Lakewood Elementary School roof and for the payment of the interest cost of the Bonds. The principal of and interest on the Bonds are payable from ad valorem taxes levied upon all taxable property in the District and other funds, as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred.

**General Obligation.** This Bond constitutes a general obligation of the District, and to provide moneys for the prompt and full payment of the principal and interest when the same become due, the full faith and credit and taxing powers of the District have been and are hereby irrevocably pledged.

**Minnesota School District Credit Enhancement Program.** The District has qualified the Bonds for participation in the State of Minnesota program to preclude default of school district debt, pursuant to Minnesota Statutes, Section 126C.55 and has covenanted and bound itself to be bound by the provisions thereof. If the District is unable to make any portion of the principal or interest payment on the Bonds on or before any Interest Payment Date, the State of Minnesota has agreed to make such payment in the District’s place.

**Denominations; Exchange.** The Bonds of this series are issued as fully registered bonds without coupons, in the denomination of \$5,000 or any integral multiple thereof. The District will, at the request of the registered owner, issue one or more new fully registered Bonds in the name of the registered owner in the aggregate principal amount equal to the unpaid principal balance of this Bond, and of like tenor except as to number and principal amount at the principal office of the Bond Registrar, but only in the manner and subject to the limitations provided in the Resolution and the Letter of Representations. Reference is hereby

made to the Resolution for a description of the rights and duties of the Bond Registrar. A copy of the Resolution is on file in the principal office of the Bond Registrar.

**Registration; Transfer.** This Bond shall be registered in the name of the payee on the books of the District by presenting this Bond for registration to the Bond Registrar, whose representative will endorse his or her name and note the date of registration opposite the name of the payee in the Registration Certificate attached hereto. Thereafter this Bond may be transferred by delivery with an assignment duly executed by the Holder or the Holder's legal representative, and the District and Bond Registrar may treat the Holder as the person exclusively entitled to exercise all the rights and powers of an owner until this Bond is presented with such assignment for registration of transfer, accompanied by assurance of the nature provided by law that the assignment is genuine and effective, and until such transfer is registered on said books and noted hereon by the Bond Registrar, all subject to the terms and conditions provided in the Resolution and the Letter of Representations and to reasonable regulations of the District contained in any agreement with, or notice to, the Bond Registrar. Thereupon the District shall execute (if required by law or the Resolution) and the Bond Registrar shall authenticate (if required by law or the Resolution) and deliver, in exchange for this Bond, one or more new fully registered Bonds in the name of the transferee, of an authorized denomination, in an aggregate principal amount equal to the principal amount of this Bond, of the same maturity, and bearing interest at the same rate.

**Fees Upon Transfer or Loss.** The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of this Bond and any legal or unusual costs regarding transfers and lost Bonds. No service charge shall be made by the District for any transfer or exchange hereinbefore referred to but the District may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

**Treatment of Registered Owner.** The District and Bond Registrar may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes whatsoever, whether or not this Bond shall be overdue, and neither the District nor the Bond Registrar shall be affected by notice to the contrary.

**Authentication.** This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until either (i) the Bond Registrar's Authentication Certificate hereon shall have been executed by the Bond Registrar by one of its authorized representatives or (ii) the Bond has been manually executed by at least one officer of the Board of the District.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed precedent to and in the issuance of this Bond in order to make it a valid and binding general obligation of the District enforceable in accordance with its terms, have been done, have happened and have been performed in regular and due form, time and manner as so required; that prior to the issuance hereof, a direct, annual irrevocable ad valorem tax has been duly levied upon all taxable property in the District in the years and amounts required by law; that, if necessary for payment of principal of and interest on the Bonds of this issue, additional ad valorem taxes may be levied upon all taxable property in the District without limitation as to rate or amount; and that the issuance of this Bond on the date of original issue hereof and the date of its actual original issuance and delivery, does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, Independent School District No. 709 (Duluth), St. Louis County, State of Minnesota, by its School Board, has caused this Bond to be executed in its behalf by the manual or facsimile signatures of the Chair and Clerk, the District having no seal or said seal having been intentionally omitted as permitted by law.

ATTEST:

(form – do not sign here) \_\_\_\_\_  
Clerk

(form – do not sign here) \_\_\_\_\_  
Chair

Date of Authentication: \_\_\_\_\_

BOND REGISTRAR’S AUTHENTICATION CERTIFICATE

The Bond Registrar confirms that the books reflect the ownership of the Bond registered in the name of the owner named above in the principal amount and maturity date stated above and this Bond is one of the Bonds of the series issued pursuant to the Resolution herein above described.

U.S. BANK NATIONAL ASSOCIATION  
St. Paul, Minnesota

By \_\_\_\_\_  
Authorized Representative

REGISTRATION CERTIFICATE

This Bond must be registered as to both principal and interest in the name of the owner on the books to be kept by U.S. Bank National Association of St. Paul, Minnesota, as Bond Registrar. No transfer of this Bond shall be valid unless made on said books by the registered owner or the owner’s attorney thereunto

duly authorized and similarly noted on the registration books. The ownership of the unpaid principal balance of this Bond and the interest accruing thereon is registered on the books of U.S. Bank National Association in the name of the registered owner last noted below.

| <u>Date</u> | <u>Registered Owner</u>   | <u>Signature of Bond Registrar</u> |
|-------------|---|------------------------------------|
| 11/29/2017  | Cede & Co.<br>c/o The Depository Trust Company<br>570 Washington Boulevard<br>Jersey City, NJ 07310<br>Federal Taxpayer I.D. No.:<br>13-2555119 | _____                              |

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto \_\_\_\_\_

\_\_\_\_\_  
(Name and Address of Assignee)

\_\_\_\_\_  
Social Security or Other  
Identifying Number of Assignee

the within Bond and all rights thereunder and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

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(Bank, Trust Company, member of  
National Securities Exchange)

*Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the District or its agent for registration of transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, inasmuch as the registered owner hereof, Cede & Co., has an interest herein.*

4.02 Preparation and Execution. The Bonds shall be prepared for execution in accordance with the approved form and shall be signed by the manual or facsimile signature of the Chair and attested by the manual or facsimile signature of the Clerk. The legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A. shall be appended to or printed on each Bond. The corporate seal of the District may be omitted from the Bonds as permitted by law. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be an officer before delivery of the Bonds, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery.

4.03 Delivery of the Bonds. Delivery of the Bonds and payment of the purchase price shall be made at a place mutually satisfactory to the District and the Purchaser. Printed or typewritten and executed Bonds shall be furnished by the District without cost to the Purchaser. The Bonds, when prepared in accordance with this Resolution and executed, shall be delivered by or under the direction of the CFO/Executive Director of Business Services to the Purchaser upon receipt of the purchase price plus accrued interest.

## **Section 5. Covenants, Accounts and Representations.**

5.01 Construction Fund. On receipt of the purchase price of the Bonds, the District shall credit the proceeds from the sale of the Bonds in the amount of \$3,638,395.00 to a separate construction fund, which is hereby created and designated as the “2017A Bonds Construction Fund” (the “Construction Fund”). Proceeds from the Bonds on deposit in the Construction Fund shall be used from time to time to pay the capital costs of the Project, including but not limited to, costs of construction, planning, architectural, engineering, legal, financial advisory and other professional services, printing and publication costs, and costs of issuance of the Bonds, as such become due.

5.02 Debt Service Fund.

A. A separate debt service fund is hereby created and is designated as the “Taxable General Obligation School Facilities Maintenance Bonds, Series 2017A Debt Service Fund” (the “Debt Service Fund”).

B. There is hereby pledged and appropriated and there shall be credited to the Debt Service Fund: (i) the accrued interest in the amount of \$0.00; (ii) the rounding in the amount of \$3,999.55; (iii) money hereby transferred from the general fund reserve for long-term facilities maintenance in the amount of \$806,322.00 and in the annual amount determined by the School Board on or before November 1, commencing November 1, 2018 through November 1, 2021; (iv) the ad valorem taxes hereinafter levied; and (v) investment earnings on the monies identified in the foregoing clauses (i) through (iv). The proceeds of the Bonds described in clauses (i) and (ii) of the preceding sentence shall be used for payment of interest on the Bonds. Upon completion of the Project, any unspent proceeds in the Construction Fund shall be transferred to the Debt Service Fund.

C. The money in the Debt Service Fund shall be used for no purpose other than the payment of principal and interest on the Bonds; provided, however, that if any payment of principal or interest shall become due when there is not sufficient money in the Debt Service Fund, the CFO/Executive Director of Business Services 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 hereinafter levied.

5.03 Tax Levy.

A. For the prompt and full payment of the principal and interest on the Bonds when due, the full faith and credit and taxing power of the District are hereby irrevocably pledged. There is hereby levied a direct, annual, ad valorem tax 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 A* hereto and incorporated herein by reference as though fully specified in this Section.

B. Said levies are such that if collected in full they will produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the Bonds.

C. Such tax levies shall be irrevocable as long as any of the Bonds issued hereunder are outstanding and unpaid; provided, however, that on November 30 of each year, while any Bonds issued hereunder remain outstanding, the District may reduce or cancel the above levies to the extent of the amount which has been appropriated to and is on deposit in the Debt Service Fund to pay the principal of and interest on the Bonds, and may direct the County Auditor to reduce the levy for such year by that amount.

5.04 Investments. Monies on deposit in the Construction Fund and in the Debt Service Fund may, at the discretion of the CFO/Executive Director of Business Services, be invested in securities permitted by Minnesota Statutes, Chapter 118A, that any such investments shall

mature at such times and in such amounts as will permit for payment of Project costs and/or payment of the principal and interest on the Bonds when due.

5.05 Minnesota School District Credit Enhancement Program.

A. The Board hereby covenants and obligates itself to be bound by the provisions of Minnesota Statutes, Section 126C.55. The Board covenants and obligates itself to deposit with the Bond Registrar, as paying agent, three business days prior to any Interest Payment Date an amount sufficient to make the payment of principal and interest due or to notify the State of Minnesota Commissioner of Education not less than 15 working days prior to such Interest Payment Date that it is unable to make all or a portion of the payment due on such Interest Payment Date. The District understands that as a result of its covenant to be bound by the provisions of Minnesota Statutes, Section 126C.55, the provisions of that section shall be binding as long as any Bonds of this issue remain outstanding.

B. The Bond Registrar is authorized and directed to notify the Commissioner of Education if it becomes aware of a potential default in the payment of principal or interest on the Bonds or if, on the day two business days prior to the date a payment is due on the Bonds, there are insufficient funds to make that payment on deposit with the Bond Registrar.

C. The District further covenants to comply with all procedures now or hereafter established by the Department of Management and Budget and the Department of Education of the State of Minnesota pursuant to Minnesota Statutes, Section 126C.55 and otherwise to take such actions as necessary to comply with that section.

**Section 6. Certificates of Proceedings; Miscellaneous.**

6.01 Filing of Resolution; County Auditor Certificate. The Clerk 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 Bonds herein authorized have been duly entered on the Auditor's register and that the tax required by law for the payment of said Bonds has been levied.

6.02 Authentication of Transcript. The officers of the District are authorized and directed to prepare and furnish to the Purchaser and to Bond Counsel certified copies of all proceedings and records of the District relating to the authorization and issuance of the Bonds and to the financial condition and affairs of the District and other affidavits and certificates as may reasonably be requested to show the facts relating to the legality and marketability of the Bonds as such facts appear from the official books and records of the officers' custody or otherwise known to them. All of such certified copies, certificates and affidavits, including any heretofore furnished, constitute representations of the District as to the correctness of facts recited therein and the actions stated therein to have been taken.

6.03 Offering Materials. The Official Statement relating to the Bonds, on file with the Clerk and presented to this meeting, is hereby approved and deemed final, and the furnishing thereof to prospective purchasers of the Bonds is hereby ratified and confirmed, insofar as the same relates to the Bonds and the sale thereof. The Chair and Clerk are hereby authorized and directed to certify that they have examined the Official Statement prepared and circulated in

connection with the issuance and sale of the Bonds and that to the best of their knowledge and belief the Official Statement is a complete and accurate representation of the facts and representations made therein as of the date of the Official Statement.

6.04 Absent or Disabled Officers. In the event of the absence or disability of the Chair, Clerk or CFO/Executive Director of Business Services, such officers or members of the Board as in the opinion of the District's attorney may act in their behalf shall, without further act or authorization, execute and deliver the Bonds, and do all things and execute all instruments and documents required to be done or executed by such absent or disabled officers.

6.05 Defeasance. When all of the Bonds have been discharged as provided in this Section, all pledges, covenants and other rights granted by this Resolution shall cease. The District may discharge its obligations with respect to any Bonds which are due on any date by depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full with interest accrued from the due date to the date of such deposit. The District may also discharge all Bonds of said issue at any time by irrevocably depositing in escrow with the Bond Registrar, for the purpose of paying all principal and interest due on such Bonds to maturity, a sum of cash or securities of the types described in Section 475.67 of the Act, as amended, in such aggregate amount, bearing interest at such rates and maturing or callable at the District's option on such dates as shall be required to provide funds sufficient for this purpose.

Section 7. Continuing Disclosure. The Board of the District acknowledges that the Bonds 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 Holders to provide continuing disclosure with respect to the Bonds. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit underwriters of the Bonds to comply with the Rule, which will enhance the marketability of the Bonds, 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.

**EXHIBIT A**

**TAX LEVY SCHEDULE**

| <b>Levy Year</b> | <b>Collection Year</b> | <b>Tax Levy</b> |
|------------------|------------------------|-----------------|
| 2016             | 2017                   | \$810,321*      |
| 2017             | 2018                   | 810,669         |
| 2018             | 2019                   | 814,643         |
| 2019             | 2020                   | 813,278         |
| 2020             | 2021                   | 816,533         |

\* To be paid from School Board appropriation of \$806,322 from general fund reserves for long-term facilities maintenance and \$3,999.55 from the rounding amount