

RESOLUTION AUTHORIZING THE ISSUANCE OF TAXABLE GENERAL
OBLIGATION CAPITAL APPRECIATION REFUNDING BONDS, SERIES 2024A

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. Authority and Background.

1.01 Pursuant to the authority contained in Minnesota Statutes, Section 465.71 (the “Installment Purchase 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.

1.02 The School Board has approved a Long-Range Facilities Plan (the “Plan”), and the Commissioner of Education has approved the District’s borrowing under the Installment Purchase Act to finance the purchase of real and personal property for the projects set forth in the Plan as described in the Lease Purchase Contract, as hereinafter defined (the “Project”).

1.03 By Resolution No. B-9-09-2680, 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 Installment Purchase Act to finance the costs of the Project and issuing certificates of participation in the rental payments under the lease purchase agreement in the principal amount of \$35,400,000 pursuant to a declaration of trust.

1.04 The District determined to acquire, construct and equip the Project approved by the Commissioner of Education pursuant to the Act, through a Lease Purchase Agreement, dated as of October 1, 2009 (the “Lease Purchase Agreement”) between Associated Trust Company, National Association, as lessor (the “Lessor”) and the District. In order to provide funds for the Project, the District authorized the issuance of \$35,400,000 Certificates of Participation, Series 2009B, dated October 1, 2009 (the “2009B Certificates”) pursuant to a Declaration of Trust by and between Associated Trust Company, National Association, as trustee (the “Trustee”) and the District (the “Declaration”).

1.05 Pursuant to an approval from the Commissioner of Education, the District has entered into an Amendment to Lease Purchase Agreement dated as of October 1, 2010, with the Lessor which amended the Lease Purchase Agreement and a Supplement to Declaration of Trust dated as of October 1, 2010 with the Trustee, which supplemented the Declaration, in connection with the \$1,605,000 Certificates of Participation, Series 2010D dated October 1, 2010 (the “2010D Certificates”), the proceeds of which financed the Project, as amended.

1.06 Pursuant to an approval from the Commissioner of Education, the District has entered into an Amendment to Lease Purchase Agreement dated as of June 1, 2012, with the Lessor which amended the Lease Purchase Agreement, as amended, and a Supplement to Declaration of Trust, dated as of June 1, 2012, which supplemented the Declaration, as supplemented, in connection with the \$6,340,000 Certificates of Participation, Series 2012B, dated June 27, 2012 (the “2012B Certificates”), the proceeds of which financed the Project, as amended.

1.07 Under and pursuant to the Installment Purchase Act and Minnesota Statutes, Section 475.67, Subdivision 1 through 4, the District refinanced the 2009B Certificates through the issuance of \$24,130,000 Refunding Certificates of Participation, Series 2019A dated May 29, 2019 (the “2019A Certificates”).

1.08 Under and pursuant to the Installment Purchase Act and Minnesota Statutes, Section 475, Subdivision 1 through 4, the District refinanced the 2010D Certificates through the issuance of \$5,070,000 Refunding Certificates of Participation, Section 2021B (the “2021B Certificates”).

1.09 Under and pursuant to Minnesota Statutes, Chapter 475 (“Act”) and the approval by the voters of the District on November 7, 2023 of the following question:

“Shall Independent School District No. 709 (Duluth) be authorized to issue its general obligation bonds in an amount not to exceed \$21,800,000 to provide funds to refinance, for general fund operational savings, the District’s Refunding Certificates of Participation, Series 2019A, dated May 29, 2019, and Refunding Certificates of Participation, Series 2021B, dated March 9, 2021 both of which financed improvements to and equipment for the District’s facilities throughout the District?”

the District hereby determines that it is necessary in order for the adjustment of the maturities in relation to the resources available for the payment, to refinance the outstanding 2019A Certificates and the 2021B Certificates through the issuance of the Taxable General Obligation Capital Appreciation Refunding Bonds, Series 2024A in a principal amount not to exceed \$21,800,000 (the “2024A Bonds”).

Section 2. Sale of 2024A Bonds.

2.01 The School Board desires to proceed with the sale of the 2024A Bonds by direct negotiation with Robert W. Baird & Co. in Milwaukee, Wisconsin (“Baird”), as underwriter.

2.02 Any officer of the School Board and the Superintendent or Executive Director of Business Services and Finance Manager (the “Pricing Committee”), are hereby authorized to approve the sale of the 2024A Bonds and to execute a bond purchase agreement for the purchase of the 2024A Bonds with Baird.

2.03 Upon approval of the sale of the 2024A Bonds by the Pricing Committee, the School Board will take action at a regular or special meeting to adopt the necessary approving resolution prepared by the District’s bond counsel.

2.04 Baird is authorized to prepare and distribute an official statement related to the sale of the 2024A Bonds.

2.05 (a) The Board Chair, Superintendent or Chief Financial Officer/Executive Director of Business Services and Finance Manager are hereby authorized and directed to submit a Minnesota School District Credit Enhancement Program Application for Default Preclusion to the Minnesota Department of Education, as provided by Minnesota Statutes, Section 126C.55.

(b) The District hereby covenants and obligates itself to notify the Minnesota Commissioner of Education of a potential default in the payment of principal and interest on the 2024A Bonds and to use the provisions of Minnesota Statutes, Section 126C.55 to guarantee payment of the principal and interest on the 2024A Bonds when due. The District further covenants to deposit with the bond registrar or any successor paying agent three (3) days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the Minnesota Commissioner of Education that it will be unable to make all or a portion of that payment. The bond registrar for the 2024A Bonds, is authorized and directed to notify the Minnesota Commissioner of Education if it becomes aware of a potential default in the payment of principal or interest on the 2024A Bonds, or if, on the day two (2) business days prior to the date a payment is due on the 2024A Bonds, there are insufficient funds to make that payment on deposit with the bond

registrar. 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 2024A Bonds remain outstanding.

(c) The District further covenants to comply with all procedures now or hereafter established by the Department of Finance and the Department of Education of the State of Minnesota pursuant to Minnesota Statutes, Section 126C.55, subdivision 2(c) and otherwise to take such actions as necessary to comply with that section. The Board Chair, Clerk, Superintendent or Chief Financial Officer/Executive Director of Business Services and Finance Manager are authorized to execute any applicable Minnesota Department of Education forms regarding such program.

2.06 If the Pricing Committee has not approved the sale of the 2024A Bonds to Baird and executed the related bond purchase agreement by June 30, 2024, this resolution shall expire.

Section 3. 2024A Bonds Documents. The form, specifications and provisions for the issuance and repayment of the 2024A Bonds shall be set forth in a subsequent resolution of the School Board.

Adopted this 19th day of December, 2023.

Motion made by Member _____, seconded by Member _____, to approve Resolution # _____, as presented. Upon a vote taken, the same was approved as follows:

Yeah:

Nay:

Clerk

Chair

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