

**RESOLUTION STATING THE INTENTION OF THE SCHOOL BOARD TO ISSUE GENERAL OBLIGATION SCHOOL BUILDING BONDS IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$41,500,000; AND TAKING OTHER ACTIONS WITH RESPECT THERETO**

BE IT RESOLVED by the School Board (the “Board”) of Independent School District No. 877 (Buffalo-Hanover-Montrose Schools), Wright and Hennepin Counties, Minnesota (the “District”), as follows:

1. Background. It is hereby determined that:

(a) At a duly called and regularly held special election on November 7, 2023, the voters of the District approved the issuance and sale by the District of general obligation bonds for the acquisition and betterment of school sites and facilities in the maximum principal amount of \$41,500,000 pursuant to Minnesota Statutes, Chapter 475, as amended (the “Act”).

(b) The purpose of the bonds as approved by the voters is to provide financing for the acquisition and betterment of school sites and facilities, including the construction of secure entrances to the high school and middle school; the construction and installation of HVAC improvements at school sites and facilities; the acquisition of furniture, fixtures, technology and equipment; renovations and remodeling of classrooms at school sites and facilities; remodeling and enhancements to the auditorium; improvements and upgrades to playgrounds; and roof replacements at school sites and facilities (collectively, the “Projects”).

(c) It is necessary and expedient to the sound financial management of the affairs of the District to issue its General Obligation School Building Bonds, in one or more series or issues, in the original aggregate principal amount not to exceed \$41,500,000 (the “Bonds”), pursuant to the Act, to provide financing for the Projects.

2. Covenant as to State Credit Enhancement.

(a) The District hereby covenants and obligates itself to notify the Commissioner of Education (the “Commissioner”) of a potential default in the payment of principal and interest on the Bonds and to use the provisions of Minnesota Statutes, Section 126C.55 (the “Credit Enhancement Act”) to guarantee payment of the principal and interest on the Bonds when due. The District further covenants to deposit with the paying agent for the Bonds (the “Paying Agent”), 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 Commissioner that it will be unable to make all or a portion of that payment. The Paying Agent is authorized and directed to notify the Commissioner if it becomes aware of a potential default in the payment of principal or interest on the Bonds or if, on the day two (2) business days prior to the date a payment is due on the Bonds, there are insufficient funds on deposit with the Paying Agent to make that payment. The District understands that as a result of its covenant to be bound by the provisions of the Credit Enhancement Act, the provisions of that section shall be binding as long as any Bonds of this issue remain outstanding.

(b) The District further covenants to comply with all procedures now and hereafter established by the Minnesota Departments of Management and Budget and Education pursuant to subdivision 2(c) of the Credit Enhancement Act and otherwise to take such actions as necessary to comply with that section. The Board Chair, Clerk, Treasurer, Superintendent, or Finance and

Operations Director of the District are authorized to execute any applicable Minnesota Department of Education forms.

3. Sale of Bonds. The Board has retained Ehlers and Associates, Inc. (the “Municipal Advisor”), to serve as the District’s independent municipal advisor with respect to the offer and sale of the Bonds and, therefore, is authorized by Section 475.60, subdivision 2(9), of the Act to sell the Bonds other than pursuant to a competitive sale.

4. Acceptance of Proposal. The Board shall meet at the time specified in the Preliminary Official Statement or at such other time designated by the Board to receive and consider proposals for the purchase of the Bonds and take any other appropriate action with respect to the Bonds.

5. Authority of Municipal Advisor. The Municipal Advisor is authorized and directed to assist the District in the preparation and dissemination of a Preliminary Official Statement to be distributed to potential purchasers of the Bonds and to open, read, and tabulate the proposals for the purchase of the Bonds for presentation to the Board. The Municipal Advisor is further authorized and directed to assist the District in the award and sale of the Bonds on behalf of the District after receipt of written proposals and to assist the District in the preparation and dissemination of a final Official Statement with respect to the Bonds.

6. Authority of Bond Counsel. The law firm of Kennedy & Graven, Chartered, is authorized to act as bond counsel for the District (“Bond Counsel”), and to assist in the preparation and review of necessary documents, certificates, and instruments related to the Bonds. The officers, employees, and agents of the District are hereby authorized to assist Bond Counsel in the preparation of such documents, certificates, and instruments.

7. Reimbursement from Bond Proceeds. The District may incur certain expenditures that may be financed temporarily from sources other than the Bonds and reimbursed from the proceeds of the Bonds. Treasury Regulation § 1.150-2 (the “Reimbursement Regulations”) provides that proceeds of tax-exempt bonds allocated to reimburse expenditures originally paid from a source other than the tax-exempt bonds will not be deemed expended unless certain requirements are met. In order to preserve its ability to reimburse certain costs from proceeds of the Bonds in accordance with the Reimbursement Regulations, the District hereby makes its declaration of official intent (the “Declaration”) described below to reimburse certain costs:

(a) Declaration of Intent. The District proposes to issue the Bonds to finance the costs of the Projects. The District may reimburse original expenditures made for certain costs of the Projects from the proceeds of the Bonds in an estimated maximum principal amount of \$41,500,000. All reimbursed expenditures will be capital expenditures, costs of issuance of the Bonds, or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Reimbursement Regulations.

(b) Declaration Made Not Later Than 60 Days. This Declaration has been made not later than sixty (60) days after payment of any original expenditure to be subject to a reimbursement allocation with respect to the proceeds of the Bonds, except for the following expenditures: (a) costs of issuance of the Bonds; (b) costs in an amount not in excess of \$100,000 or five percent (5%) of the proceeds of the Bonds; or (c) “preliminary expenditures” up to an amount not in excess of twenty (20) percent of the aggregate issue price of the Bonds that finance or are reasonably expected by the District to finance the Projects for which the preliminary expenditures were incurred. The term “preliminary expenditures” includes architectural, engineering, surveying, bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction,

or rehabilitation of the Projects, other than land acquisition, site preparation, and similar costs incident to commencement of construction.

(c) Reasonable Expectations; Official Intent. This Declaration is an expression of the reasonable expectations of the District based on the facts and circumstances known to the District as of the date hereof. The anticipated original expenditures for the Projects and the principal amount of the Bonds described in Section 7(a), above, are consistent with the District's budgetary and financial circumstances. No sources other than proceeds of the Bonds to be issued by the District are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside pursuant to the District's budget or financial policies to pay such original expenditures. This resolution is intended to constitute a declaration of official intent for purposes of the Reimbursement Regulations.

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