

**INDEPENDENT SCHOOL DISTRICT NO. 877  
(BUFFALO-HANOVER-MONTROSE)  
WRIGHT AND HENNEPIN COUNTIES, MINNESOTA**

**RESOLUTION APPROVING LEASE-PURCHASE AGREEMENT AND  
GROUND LEASE WITH RESPECT TO THE DISTRICT'S TENNIS  
COURTS AND AUTHORIZING OTHER ACTIONS IN CONNECTION  
THEREWITH**

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

Section 1.     Background.

1.01. The District is authorized under Minnesota Statutes, Section 465.71, as amended (the "Act"), to lease real or personal property with an option to purchase under a lease-purchase arrangement.

1.02. The District has determined that it is necessary and desirable to enter into a lease-purchase arrangement pursuant to the Act to finance certain costs in connection with the reconstruction and renovation of the District's tennis courts and to make related site improvements (the "Project").

1.03. The District proposes to enter into a Ground Lease (the "Ground Lease") with \_\_\_\_\_, in \_\_\_\_\_, Minnesota (the "Lessor"), as lessee thereunder, pursuant to which the Lessor will acquire a leasehold interest in the Project.

1.04. The District further proposes to enter into a Lease-Purchase Agreement (the "Lease") with the Lessor, as lessor thereunder, pursuant to which the Lessor will lease and sell the Project to the District.

1.05. To provide funds for the Project and certain costs related to the Project, the Lessor has agreed to advance or make available funds in the amount of \$ \_\_\_\_\_.

Section 2.     Lease Payments.

2.01. Lease Levy. Pursuant to Minnesota Statutes, Section 126C.40, subdivision 1, the District is authorized to make an annual lease levy in an amount sufficient to make the lease payments due under the Lease (the "Lease Payments").

2.02. Lease Payments. The District shall make the Lease Payments on the dates and in the amounts required under the Lease. To provide money to make such payments, the District will include in its annual budget, for each fiscal year during the term of the Lease, money sufficient to pay and for the purpose of paying all Lease Payments, and will take all other actions

necessary to provide money for the payment of the obligations of the District under the Lease from sources of the District lawfully available for such purpose.

2.03. Right of Non-Appropriation. The Lease will provide that the District may elect in any fiscal year to not appropriate funds for the next fiscal year to make the Lease Payments required under the terms of the Lease. The obligations of the District under the Lease shall not be general obligations of the District or be payable from or charged upon any funds of the District other than the funds appropriated annually to the payment thereof. In the event of a non-appropriation of Lease Payments by the District in any fiscal year, the District will lose the right to operate and occupy the Project for the remaining term of the Lease.

### Section 3. Tax Covenants.

3.01. Tax-Exempt Bonds. The District covenants and agrees with the Lessor 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 on the Lease to become subject to taxation under Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated thereunder, in effect at the time of such actions, and that it will take, or cause its officers, employees or agents to take, all affirmative actions within its power that may be necessary to ensure that such interest will not become subject to taxation under the Code and applicable Treasury Regulations, as presently existing or as hereafter amended and made applicable to the Lease.

#### 3.02. No Rebate Required.

(a) The District will comply with requirements necessary under the Code to establish and maintain the exclusion from gross income of the interest on the Lease under Section 103 of the Code, including without limitation requirements relating to temporary periods for investments, limitations on amount invested at a yield greater than the yield on the Lease, and the rebate of excess investment earnings to the United States, if the Lease, together with other obligations reasonably expected to be issued in calendar year 2021, exceeds the small-issuer exception amount of \$15,000,000 for capital expenditures pursuant to Section 148(f)(4)(D)(vii).

(b) For purposes of qualifying for the small issuer exception to the federal arbitrage rebate requirements, the District finds, determines and declares that the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the District (and all subordinate entities of the District) during the calendar year in which the Lease is executed and outstanding at one time is not reasonably expected to exceed \$15,000,000, all within the meaning of Section 148(f)(4)(D) of the Code.

3.03. Not Private Activity Bonds. The District further covenants not to use the proceeds of the Lease or cause or permit them or any of them to be used, in such a manner as to cause the Lease to be a "private activity bond" within the meaning of Sections 103 and 141 to 150 of the Code.

3.04. Qualified Tax-Exempt Obligations. In order to qualify the Lease as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code, the District makes the following factual statements and representations:

(a) the Lease is not a “private activity bond” as defined in Section 141 of the Code;

(b) the District hereby designates the Lease as a “qualified tax-exempt obligation” for purposes of Section 265(b)(3) of the Code;

(c) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds which are not qualified 501(c)(3) bonds) which will be issued by the District (and all subordinate entities of the District) during calendar year 2021 will not exceed \$10,000,000; and

(d) not more than \$10,000,000 of obligations issued by the District during calendar year 2021 have been designated for purposes of Section 265(b)(3) of the Code.

3.05. Procedural Requirements. The District will use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designations made by this section.

#### Section 4. Approvals.

4.01. The Board has reviewed the Ground Lease, the Lease, and related documents (collectively, the “Lease Documents”) and finds that execution of the same and the District’s performance of its obligations thereunder are necessary and desirable and are in the best interests of the District.

4.02. The Lease Documents are hereby approved in substantially the form now on file with the Board, subject to completion based on the final terms provided by the Lessor and subject to modifications as shall be deemed necessary, desirable, or appropriate, the execution thereof to constitute conclusive evidence of their approval of any and all modifications therein. The Superintendent and Director of Finance and Operations are hereby authorized and directed to execute and deliver the Lease Documents on behalf of the District.

4.03. The Board approves and ratifies the selection of Kennedy & Graven, Chartered, as bond counsel in connection with the Project and Lease Documents, and agrees that the fees for bond counsel services may be included in the costs of the Project to be financed through the Lease Documents.

4.04. District staff and officials are authorized to take all actions necessary to perform the District’s obligations under the Lease Documents as a whole, including without limitation execution of any documents referenced in the Lease Documents and an Information Return for Tax-Exempt Governmental Obligations, Form 8038-G.