

RESOLUTION

Providing for the Issuance, Sale and Delivery of \$31,497,601.65 General Obligation Capital Appreciation Bonds, Series 2021C; 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 Session Laws of 2020, 5th Special Session, Article 8, Section 4, and Minnesota Statutes, Chapter 475 (collectively, the “Act”), is authorized to issue general obligation bonds to provide funds to finance the elements of the facilities plan dated April 16, 2021 (the “Plan”), including (i) construction and equipping the District’s Administrative Service Center and Transportation Facility; (ii) renovation to the existing Facilities Building; (iii) site improvements and off-site improvements, including improving roads and infrastructure and demolition of the Duluth Central High School facility constructed in 1971; and (iv) furniture, fixtures and equipment and technology for such facilities (the “Project”). The Plan and the Project were approved by the Commissioner of Education on June 24, 2021. The Plan is incorporated in this resolution as though fully specified herein.

B. The Board has determined to issue its General Obligation Capital Appreciation Bonds, Series 2021C (the “Bonds”), in the amount of \$31,497,601.65 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 Blue Rose Capital Advisors to act as its independent municipal advisor in connection with the sale of the Bonds.

1.03 Parameters Resolution. A resolution adopted by the Board on June 24, 2021, entitled “Resolution Regarding the Issuance of General Obligation Capital Appreciation Bonds, Series 2021C” (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 Robert W. Baird & Co. Incorporated and execute a bond purchase agreement provided that the principal amount does not exceed \$31,500,000 and the TIC on the Bonds does not exceed 3.25%.

1.04 Notice of Intent. A Notice of Intent to Issue Bonds for the purpose of financing the Project was published in the official newspaper of the District as required by the Act.

1.05 Finding. All conditions precedent to the issuance of the Bonds pursuant to the Act have been fulfilled. The School Board hereby determines that it is necessary and desirable to finance the Project and to issue the Bonds therefor.

1.06 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 Robert W. Baird & Co., Inc. of Milwaukee, Wisconsin (the “Purchaser”), to purchase the Bonds at a cash price of \$31,140,128.52, 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, the Superintendent and CFO/Executive Director of Business Services taken with respect to the execution on the part of the District of a bond purchase agreement 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 \$31,497,601.65 General Obligation Capital Appreciation Bonds, Series 2021C, dated August 31, 2021, as the date of original issue shall mature in the accreted maturity amounts (as hereinafter defined), of \$5,000 each, or any integral multiple thereof, in fully registered form and lettered and numbered R-1 and upward.

B. The Bonds shall be issued as capital appreciation bonds which shall mature on February 1 in the years and in the accreted amounts at maturity set forth in the following table, which table also sets forth, for each maturity, the total original principal amount, accreted amount at maturity (which accreted amount at maturity is also referred to herein as the "accreted maturity amount"), the aggregate original principal amount and the approximate yield to maturity applicable thereto, as follows:

Maturity Date (February 1)	Total Accreted Amount at Maturity	Total Original Principal	Approximate Yield to Maturity
2029	\$ 7,520,000.00	\$ 6,711,224.00	1.540%
2030	7,520,000.00	6,505,025.60	1.730%
2031	7,520,000.00	6,293,337.60	1.900%
2032	7,520,000.00	6,093,155.20	2.030%
2033	7,525,000.00	5,894,859.25	2.150%
TOTAL	\$37,605,000.00	\$31,497,601.65	

C. The principal maturities of the Bonds, together with the maturities of all other outstanding general obligation bonds of the District, meet the requirements of Minnesota Statutes, Section 475.54.

2.02 Redemption.

A. Optional Redemption. The Bonds shall be subject to redemption and prepayment at the option of the District on February 1, 2028, and any day thereafter at a price equal to the accreted amount thereof as of the most recent Compounding Date (hereinafter defined) occurring prior to the redemption date plus accrued interest on the Bonds to be redeemed from such Compounding Date to the date of redemption. Redemption may be in whole or in part of the Bonds subject to prepayment. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue and compound from and after the redemption date, provide funds are on deposit at such time.

B. Partial Redemption. If redemption is in part, the maturities and the accreted amounts (in increments of \$5,000 of accreted maturity amount) within each maturity to be redeemed shall be determined by the District; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar hereinafter appointed. To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar prior to giving notice of redemption shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the accreted amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers so assigned to such Bonds, as many

numbers as, at \$5,000 for each number, shall equal the sum of said accreted amounts of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the accreted amount of each such Bond of a denomination of more than \$5,000 of the accreted maturity amount shall be redeemed as shall equal \$5,000 of accreted amount for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar and the District shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of the Bond, without service charge, a new Bond or Bonds having the same stated maturity and yield to maturity and of any authorized denomination or denominations, as requested by the Holder, in aggregate accreted amount equal to and in exchange for the unredeemed portion of the accreted maturity amount of the Bond so surrendered. Notwithstanding the foregoing, so long as the Bonds are registered in the name of Cede & Co. as nominee of The Depository Trust Company, Jersey City, New Jersey ("DTC"), selection of Bonds for redemption shall be subject to the requirements of the Representation Letter hereinafter defined.

C. Notice of Redemption. In the event any of the Bonds are called for redemption, notice thereof identifying the Bonds to be redeemed will be given by the Bond Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid) at least 30 days, but not more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books kept by the Bond Registrar; provided however, that so long as the Bonds are registered in the name of Cede & Co., notice of redemption shall be given in accordance with the terms of the Representation Letter hereinafter described. Failure to give notice by mail to any registered owner, or any defect therein, will not affect the validity of any proceeding for the redemption of Bonds not affected by such defect or failure.

D. Partial Redemption of Bonds Held by Cede & Co. If less than all the Bonds of a maturity are called for redemption while the Bonds are registered in the name of Cede & Co., the District or the Bond Registrar designated below will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed. If less than all the Bonds of a maturity are called for redemption and the Bonds are not registered in the name of Cede & Co., the Bond Registrar will determine the amount of each maturity to be redeemed in the manner set forth above.

E. Prepayment Price. All prepayments shall be at a price equal to that set forth in Section 2.02A hereof.

2.03 Compounding Dates. The Bonds shall bear interest from the date of settlement at the annual yield to maturity stated therefor in Section 2.01. The interest on the Bonds of each maturity shall be compounded at the yield to maturity applicable to that maturity, as set out in Section 2.01, commencing on February 1, 2022, and semiannually thereafter on each February 1 and August 1 (each referred to herein as a "Compounding Date"). Interest on the Bonds shall be payable, together with the principal thereof, only at maturity or upon optional redemption thereof. For purposes of this Resolution and the Bonds, the accreted amount of each Bond as of a Compounding Date shall be the original principal amount thereof plus interest compounded in accordance with the foregoing provisions and accrued to said Compounding Date. As of any other date, it shall be the accreted amount as of the most recent Compounding Date prior to said date (or if the principal amount if such date precedes the first Compounding Date), plus simple interest thereon at a rate equal to the yield to maturity set forth in Section 2.01 (calculated upon the basis of a 360-day year of twelve 30-day months and rounded pursuant to the rules of the Municipal Securities Rulemaking Board) accrued from and after said Compounding Date (or the issuance date if the other date precedes the first Compounding Date).

2.04 Preparation and Execution of Bonds.

A. 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. In case any officer whose signature shall appear on the Bonds shall cease to be an officer before delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes, as if he or she had remained in office until delivery.

B. The Clerk is authorized and directed to obtain a copy of the approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota, and cause the opinion to be attached to each Bond. If the legal opinion is not manually signed, the certificate as to legal opinion, in substantially the form set forth in Section 3 hereof, shall be executed by the manual signature of the Clerk. The Clerk is authorized and directed to execute the certificate in the name of the District upon receipt of the opinion and to file the opinion in the District offices.

2.05 Appointment and Duties of Bond Registrar; Record Date.

A. The School Board hereby appoints U.S. Bank National Association, of St. Paul, Minnesota, as registrar, authenticating agent, paying agent and transfer agent for the Bonds (such bank or its successor is herein referred to as the "Bond Registrar"). 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 3.01 hereof, shall have been duly executed by an authorized representative of the Bond Registrar or (ii) such Bond has been manually executed by at least one officer of the School Board. Authentication certificates on different Bonds need not be signed by the same representative. The executed Authentication Certificate or the manual signature of at least one officer of the School Board on each Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution.

B. The District shall cause to be kept at the principal corporate office of the Bond Registrar 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 School Board.

C. At the option of the registered owners, the Bonds may be exchanged for other Bonds of any authorized denomination, of a like aggregate accreted amount at maturity, maturing upon the same date, upon surrender of the Bonds to be exchanged at the principal corporate office of the Bond Registrar. Whenever any Bonds are so surrendered for exchange, the District shall execute and the Bond Registrar shall authenticate, if required by law or this Resolution, and deliver the Bonds which the registered owner making the exchange is entitled to receive. Upon surrender for transfer of any Bond at the principal corporate office of the Bond Registrar, the District shall execute and the Bond Registrar shall authenticate, if required by law or this Resolution, and deliver, in the names(s) of the designated transferee(s), one or more new bonds of a like aggregate principal amount, as requested by the transferor. All Bonds surrendered upon the exchange provided for in this Resolution shall be promptly cancelled by the Bond Registrar and thereafter disposed of as directed by the School Board. All Bonds issued in exchange for or upon transfer of the Bonds shall be valid obligations of the District evidencing the same debt and entitled to the same benefits under this Resolution as the Bonds surrendered for such exchange or transfer. Every Bond presented for a transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the District and the Bond Registrar, duly executed by the registered owner thereof or the owner's attorney duly authorized in writing. The District or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in

connection with the transfer or exchange of the Bonds, other than exchange expressly provided in this Resolution to be made, without expense or without charge to the registered owner.

D. 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. Each Bond shall be dated by the Bond Registrar as of the date of its authentication or manual execution, as the case may be. The District and the Bond Registrar shall not be required (i) to make any transfer or exchange during the 15 days next preceding any payment date on the Bonds (the "Payment Date"), (ii) to make any transfer or exchange of any Bonds called for redemption, or (iii) 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.

2.06 Book-Entry System.

A. In order to make the Bonds eligible for the services provided by DTC, the District has previously agreed to the applicable provisions set forth in the Blanket Issuer Letter of Representations which has been executed by the District and DTC (the "Representation Letter").

B. Notwithstanding any provision herein to the contrary, so long as the Bonds shall be in Book-Entry Form, the provisions of this Section 2.06 shall govern.

C. All of the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment 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 Payment Date to the account of Cede & Co. on each Payment Date at the address indicated in or pursuant to the Representation Letter.

D. DTC (or its nominees) shall be and remain recorded on the Bond Register as the holder of all Bonds which are in Book-Entry Form. No transfer of any Bond in Book-Entry Form shall be made, except from DTC to another depository (or its nominee) or except to terminate the Book-Entry Form. All Bonds of such stated maturity of any Bonds in Book-Entry Form shall be issued and remain in a single Bond certificate registered in the name of DTC (or its nominee); provided, however, that upon termination of the Book-Entry Form pursuant to the Representation Letter, the District shall, upon delivery of all Bonds of such series from DTC, promptly execute, and the Bond Registrar shall thereupon authenticate and delivery, Bonds of such series to all persons who were beneficial owners thereof immediately prior to such termination; and the Bond Registrar shall register such beneficial owners as holders of the applicable Bonds.

The Bond Registrar shall maintain accurate books and records of the principal balance, if any, of each such outstanding Bond in Book-Entry Form, which shall be conclusive for all purposes whatsoever. Upon the authentication of any new Bond in Book-Entry Form in exchange for a previous Bond, the Bond Registrar shall designate thereon the principal balance remaining on such bond according to the Bond Registrar's books and records.

No beneficial owner (other than DTC) shall be registered as the holder on the Bond Register for any Bond in Book-Entry Form or entitled to receive any bond certificate. The beneficial ownership interest in any Bond in Book-Entry Form shall be recorded, evidenced and transferred solely in accordance with the Book-Entry System.

Except as expressly provided to the contrary herein, the District and the Bond Registrar may treat and deem DTC to be the absolute owner of all Bonds of each series which are in Book-Entry Form (i) for the purpose of payment of the accreted amount on such Bond, (ii) for the purpose of giving notices hereunder, and (iii) for all other purposes whatsoever.

E. The District and the Bond Registrar shall each give notices to DTC of such matters and at such times as are required by the Representation Letter, including the following:

- (i) with respect to notices of redemption; and
- (ii) with respect to any other notice required or permitted under this Bond Resolution to be given to any holder of a Bond.

All notices of any nature required or permitted hereunder to be delivered to a holder of a Bond in Book-Entry Form shall be transmitted to beneficial owners of such Bonds at such times and in such manners as shall be determined by DTC, the participants and indirect participants in accordance with the Book-Entry System and the Representation Letter.

F. All payments of principal, redemption price of and interest on any Bonds in Book-Entry Form shall be paid to DTC (or Cede & Co.) in accordance with the Book-Entry System and the Representation Letter in same day funds by wire transfer.

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.

2.07 Lost or Damaged 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 them that the Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Bond Registrar and the District of an appropriate bond or indemnity in form, substance and amount satisfactory to them 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.

2.08 Payment of Bonds.

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 the accreted amount on such Bond and for all other purposes whatsoever, whether or not such Bond be overdue, and neither the District nor the Bond Registrar shall be affected by notice to the contrary.

B. The accreted amount 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 the accreted amount.

2.09 Delivery. 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 Clerk to the Purchaser upon receipt of the purchase price plus accrued interest.

Section 3. Form of the Bonds.

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

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

R-__

\$_____

INDEPENDENT SCHOOL DISTRICT 709
(DULUTH)

GENERAL OBLIGATION CAPITAL APPRECIATION BOND
SERIES 2021C

<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
February 1, 20__	August 31, 2021	

REGISTERED OWNER: CEDE & CO.

ACCREDITED AMOUNT
AT MATURITY: _____ DOLLARS

Independent School District 709, St. Louis County, Minnesota (the “District”), for value received, promises to pay to the registered owner specified above, or registered assigns, unless called for earlier redemption, in the manner hereinafter set forth, the accreted amount at maturity specified above. The accreted amount at maturity set forth above is the original principal amount hereof with interest from the date of original issue stated above, accreted and payable with principal on the maturity date specified above, at a yield to maturity which, compounded on each February 1 and August 1, commencing February 1, 2022 (each such date, a “Compounding Date”), results in the accreted amount set forth for such date in the table attached hereto, for the specified amount per \$5,000 accreted amount at maturity, subject to the provisions for redemption of this Bond before maturity referred to below.

The “accreted amount” of this Bond, per \$5,000 of accreted amount at maturity (also referred to as “accreted maturity amount”), as of any given February 1 is the original principal amount hereof plus interest accrued or compounded to such date, as set forth on the table attached hereto for each applicable February 1.

Interest on this Bond will not be paid separately, but will only be paid with principal as accreted amount. The accreted amount of this Bond is payable in lawful money of the United States of America by check or draft at the main office of U.S. Bank National Association in St. Paul, Minnesota, as bond registrar, authenticating agent, paying agent and transfer agent (the “Bond Registrar”), or at the office of such successor Bond Registrar as may be designated by the School Board. The Bond Registrar shall make all payments with respect to this Bond directly to the registered owner hereof shown on the bond registration records maintained on behalf of the District by the Bond Registrar at the close of business on the 15th day of the month next preceding the maturity date or the redemption date (the “Payment Date”) (whether or not a business day) at such owner’s address shown on said bond registration records, without, except for payment of principal of the Bond, the presentation or surrender of this Bond, and all such payments shall discharge the obligation of the District to the extent of the payments so made. Payment of the accreted amount at maturity shall be made upon presentation and surrender of this Bond to the Bond Registrar when due. For the prompt and full payment of such principal and interest as they become due, the full faith and credit and taxing power of the District are irrevocably pledged.

This Bond is one of a series issued by the District in the aggregate principal amount of \$31,497,601.65 and a total accreted amount at maturity of \$37,605,000.00, all of like date and tenor, except as to number, maturity date, denomination, yield and redemption privilege, pursuant to the authority contained in Minnesota Session Laws of 2020, 5th Special Session, Article 8, Section 4, and Minnesota Statutes, Chapter 475, and all other

laws thereunto enabling, and pursuant to an authorizing Resolution adopted by the governing body of the District on August 17, 2021 (the “Resolution”), for the purpose of providing funds to finance the elements of the facilities plan dated April 16, 2021 (the “Plan”), including (i) construction and equipping the District’s Administrative Service Center and Transportation Facility; (ii) renovation to the existing Facilities Building; (iii) site improvements and off-site improvements, including improving roads and infrastructure and demolition of the Duluth Central High School facility constructed in 1971; and (iv) furniture, fixtures and equipment and technology for such facilities (the “Project”), and payment of the cost of issuance of the Bonds. The Plan and the Project were approved by the Commissioner of Education on June 24, 2021. The accreted amounts on this Bond are payable from ad valorem taxes levied upon all taxable property in the District as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred.

The Bonds of this series are subject to redemption and prepayment at the option of the District on February 1, 2028, and on any day thereafter, in whole or in part, and if in part at the option of the District and in such manner as the District shall determine and by lot as to Bonds maturing in the same year, at a price equal to the accreted amount thereof as of the most recent Compounding Date occurring prior to the redemption date plus simple interest on the Bonds to be redeemed accrued to the date of redemption. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the accreted amounts (in increments of \$5,000 of accreted maturity amount) within each maturity to be redeemed shall be determined by the District; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue and compound from and after the redemption date.

Not more than 60 days and not less than 30 days prior to the date fixed for redemption and prepayment of any Bonds, notice of redemption shall be mailed to each registered owner of a Bond to be redeemed however, that so long as the Bonds are registered in the name of Cede & Co., as nominee for The Depository Trust Company, Jersey City, New Jersey (“DTC”), notice of redemption shall be given in accordance with the terms of the Blanket Issuer Letter of Representations executed by the District and DTC.

If less than all the Bonds of a maturity are called for redemption while the Bonds are registered in the name of Cede & Co., the District or the Bond Registrar designated below will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant’s interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed. If less than all the Bonds of a maturity are called for redemption and the Bonds are not registered in the name of Cede & Co., the Bond Registrar will determine by lot or other manner deemed fair, the amount of each maturity to be redeemed.

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. If the District is unable to make any portion of the principal or interest payment on the Bonds on or before any Payment Date, the State of Minnesota has agreed to make such payment in the District’s place.

The Bonds of this series are issued as fully registered bonds without coupons, in the denomination of \$5,000 or any integral multiple thereof. Subject to the limitations set forth in the Resolution, 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 accreted maturity amount equal to the unpaid accreted maturity amount of this Bond, and of like tenor except as to number and accreted maturity amount. This Bond is transferable by the registered owner hereof upon surrender of this Bond for transfer at the principal corporate office of the Bond Registrar, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Bond Registrar and executed by the registered owner hereof or the owner's attorney duly authorized in writing. Thereupon the District shall execute 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 accreted maturity amount equal to the accreted maturity amount of this Bond, of the same maturity. No service charge shall be made 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.

The accreted amounts of the Bonds of this issue, together with the original principal amount thereof, per \$5,000 of accreted amount at maturity, are set forth in the table attached hereto. The accreted amount on any date other than the maturity date set forth on the table attached hereto is (i) if the date is a Compounding Date, the accreted amount as of the Compounding Date, or (ii) if the date is not a Compounding Date, the accreted amount as of the most recent Compounding Date prior to such date (or is the original principal amount if the date precedes February 1, 2022) plus simple interest at a rate equal to the yield to maturity of the Bond (calculated on the basis of a 360 day year of twelve 30 day months) accrued from and after said Compounding Date (or the issuance date if the other date precedes February 1, 2022) to such other date.

IT IS CERTIFIED AND RECITED that all acts and conditions required by laws and the Constitution of the State of Minnesota to be done and to exist precedent to and in the issuance of this Bond, in order to make it a valid and binding general obligation of the District in accordance with its terms, have been done and do exist in form, time and manner as so required; that all taxable property within the corporate limits of the District is subject to the levy of ad valorem taxes to the extent needed to pay the accreted amount at maturity hereon when due, without limitation as to rate or amount; and that the issuance of this Bond does not cause the indebtedness of the District to exceed any constitutional or statutory limitation.

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

IN WITNESS WHEREOF, Independent School District 709, St. Louis County, Minnesota, by its governing body, has caused this Bond to be executed in its name by the facsimile signature of the Chair and attested by the facsimile signature of the Clerk.

ATTEST:

(form – no signature required)
Clerk

(form – no signature required)
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 hereinabove described.

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

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 said books in the name of the registered owner last noted below.

<u>Date</u>	<u>Registered Owner</u>	<u>Signature of Bond Registrar</u>
8/31/2021	Cede & Co. c/o The Depository Trust Company 570 Washington Boulevard Jersey City, NJ 07310 Federal Taxpayer I.D. No.: 13-2555119	_____

TABLE OF ACCRETED AMOUNTS

Date	Bond Component 2/1/2029 1.54%	Bond Component 2/1/2030 1.73%	Bond Component 2/1/2031 1.90%	Bond Component 2/1/2032 2.03%	Bond Component 2/1/2033 2.15%
08/31/2021	4,462.25	4,325.15	4,184.40	4,051.30	3,916.85
02/01/2022	4,490.85	4,356.30	4,217.50	4,085.55	3,951.90
08/01/2022	4,525.45	4,394.00	4,257.55	4,127.00	3,994.35
02/01/2023	4,560.30	4,432.00	4,298.00	4,168.90	4,037.30
08/01/2023	4,595.40	4,470.35	4,338.85	4,211.20	4,080.70
02/01/2024	4,630.80	4,509.00	4,380.05	4,253.95	4,124.60

Date	Bond Component 2/1/2029 1.54%	Bond Component 2/1/2030 1.73%	Bond Component 2/1/2031 1.90%	Bond Component 2/1/2032 2.03%	Bond Component 2/1/2033 2.15%
08/01/2024	4,666.45	4,548.00	4,421.65	4,297.15	4,168.90
02/01/2025	4,702.40	4,587.35	4,463.65	4,340.75	4,213.75
08/01/2025	4,738.60	4,627.05	4,506.05	4,384.80	4,259.05
02/01/2026	4,775.05	4,667.05	4,548.90	4,429.30	4,304.80
08/01/2026	4,811.85	4,707.45	4,592.10	4,474.30	4,351.10
02/01/2027	4,848.90	4,748.15	4,635.70	4,519.70	4,397.85
08/01/2027	4,886.25	4,789.25	4,679.75	4,565.55	4,445.15
02/01/2028	4,923.85	4,830.65	4,724.20	4,611.90	4,492.95
08/01/2028	4,961.75	4,872.45	4,769.10	4,658.70	4,541.25
02/01/2029	5,000.00	4,914.60	4,814.40	4,706.00	4,590.05
08/01/2029		4,957.10	4,860.15	4,753.75	4,639.40
02/01/2030		5,000.00	4,906.30	4,802.00	4,689.25
08/01/2030			4,952.90	4,850.75	4,739.70
02/01/2031			5,000.00	4,900.00	4,790.65
08/01/2031				4,949.75	4,842.15
02/01/2032				5,000.00	4,894.20
08/01/2032					4,946.80
02/01/2033					5,000.00

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:

(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.

Section 4. Covenants, Accounts and Representations.

4.01 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 \$31,140,128.52 to a separate construction fund, which is hereby created and designated as the "2021C 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, municipal advisory and other professional services, printing and publication costs, and costs of issuance of the Bonds, as such become due.

4.02 Debt Service Fund.

A. A separate debt service fund is hereby created and is designated as the "General Obligation School Capital Appreciation Bonds, Series 2021C 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 \$0.00; (iii) the ad valorem taxes hereinafter levied; and (iv) investment earnings on the monies identified in the foregoing clauses (i) through (iii). 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.

4.03 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.

4.04 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.

4.05 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 payment date an amount sufficient to make the payment of accreted maturity amount due or to notify the State of Minnesota Commissioner of Education not less than 15 working days prior to such payment date that it is unable to make all or a portion of the payment due on such 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 the accreted maturity amount 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 5. Tax Covenants.

5.01 General. The District covenants and agrees with the holders of the Bonds that the District will (i) take all action on its part necessary to cause the interest on the Bonds to be exempt from federal income taxes including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Bonds and investment earnings thereon, making required payments to the federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Bonds to be subject to federal income taxes, including, without limitation, permitting excessive private use of the Project and private payments therefrom, refraining from spending the proceeds of the Bonds and investment earnings thereon on certain specified purposes.

5.02 Investment Yield Restriction. No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (i) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued, and (ii) in addition to the above, in

an amount not greater than the lesser of five percent of the proceeds of the Bonds or \$100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Debt Service Fund (or any other District account which will be used to pay principal and interest to become due on the Bonds) in excess of amounts which under the applicable federal arbitrage regulations may be invested without regard as to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by the arbitrage regulations on such investments after taking into account any applicable temporary periods of minor portion made available under the federal arbitrage regulations. In addition, the proceeds of the Bonds and money in the Debt Service Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be federally guaranteed within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code").

5.03 Eighteen-Month Spending Exemption to Rebate. Pursuant to Section 1.148-7(d) of the U.S. Treasury Regulations, relating to exception from rebate for certain proceeds of the Bonds spent within a specified time frame, the District reasonably expects that the gross proceeds and investment earnings thereon will be allocated to project costs allocable to the Bonds in accordance with the following schedule measured from the date of closing and delivery of the Bonds:

- A. at least 15% within six months (the first spending period);
- B. at least 60% within 12 months (the second spending period); and
- C. 100% within 18 months (the third spending period);

provided that the Bonds will not fail to satisfy the spending requirement herein specified as a result of reasonable retainage not exceeding five percent of the proceeds of the Bonds if such amount is allocated to the portion of the project costs allocable to the Bonds within 30 months of the date of closing and delivery of the Bonds. In the event proceeds of the Bonds are not so spent, the District will compute and cause the payment to the United States of all amounts required under the rebate requirement of Section 148(f) of the Code and the Regulations issued thereunder.

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.

Section 8. Post-Issuance Compliance Policy and Procedures. The School Board has previously approved a Post-Issuance Debt Compliance Policy and Post-Issuance Debt Compliance Procedures which applies to qualifying obligations to provide for compliance with all applicable federal regulations for tax-exempt obligations or tax-advantaged obligations (collectively, the "Policy and Procedures"). The School Board hereby approves the Policy and Procedures for the Bonds. The Chief Financial Officer/Executive Director of Business Services continues to be designated to be responsible for post-issuance compliance in accordance with the Policy and Procedures.

EXHIBIT A

TAX LEVY SCHEDULE

Levy Year	Collection Year	Tax Levy
2027	2028	\$7,896,000
2028	2029	7,896,000
2029	2030	7,896,000
2030	2031	7,896,000
2031	2032	7,901,250