

RESOLUTION AUTHORIZING AN ESCROW AGREEMENT
REGARDING CAPITALIZED INTEREST FOR
GENERAL OBLIGATION ALTERNATIVE FACILITIES BONDS, SERIES 2008A

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. The District adopted in 2007 a Long-Range Facilities Plan, which calls for the renewal and remodeling of existing school facilities, additions to existing school facilities and construction of new schools. The District has issued six series of obligations to fund the Long-Range Facilities Plan, each of which is restricted to particular types of improvements.

Section 2. The District issued its \$59,235,000 General Obligation Alternative Facilities Bonds, Series 2008A, dated February 15, 2008 (the "Bonds") to finance a portion of the Long-Range Facilities Plan. The District modified the Long-Range Facilities Plan, the consequence of which is that \$3,209,284 of proceeds of the Bond is in excess of eligible construction costs of the modified plan.

Section 3. The School Board hereby determines to use such excess proceeds of the Bonds to pay capitalized interest on the Bonds and costs of establishing an escrow for such interest payments.

Section 4. A. U.S. Bank National Association of St. Paul, Minnesota, which is a suitable financial institution within the State of Minnesota whose deposits are insured by the Federal Deposit Insurance Corporation whose combined capital and surplus is not less than \$500,000, is hereby designated escrow agent (the "Escrow Agent") with respect to payment of such capitalized interest on the Bonds.

B. The Chair and Clerk are hereby authorized and directed to execute on behalf of the District an escrow agreement (the "Escrow Agreement") with the Escrow Agent in substantially the form now on file with the Clerk. The execution and delivery of the Escrow Agreement by the Chair and the Clerk, in the form on file with the Clerk with such changes, omissions, insertions and revisions as the Chair and the Clerk deem advisable is hereby approved, and the execution by such officers shall be conclusive evidence of such approval. All essential terms and conditions of the Escrow Agreement, including payment by the District of reasonable charges for the services of the Escrow Agent, are hereby approved and adopted and made a part of this Resolution, and the District covenants that it will promptly enforce all provisions thereof in the event of default thereunder by the Escrow Agent.

Section 5. A. The District hereby creates an Escrow Account under the Escrow Agreement for payment of a portion of the interest on the Bonds as hereinafter provided: (a) \$3,199,284 from the Construction Fund created under the bond resolution for the Bonds to the Escrow Account; and (b) investment earnings on such monies referenced in clause (a) for the payment of interest due on the Bonds as follows: (i) on August 1, 2011, \$1,200,512.50 for interest due on the Bonds; (ii) on February 1, 2012, \$1,200,512.50 for interest due on the Bonds; and (iii) on August 1, 2012, \$798,259.00 plus any investment earnings on the Escrow Account for interest due on the Bonds. The Escrow Account shall be maintained with the Escrow Agent pursuant to the Escrow Agreement and this Resolution. The Escrow Account shall be invested in accordance with the Act, the Escrow Agreement and this Section, in securities specified in Minnesota Statutes Section 475.67, Subdivision 8(a).

B. The Escrow Account for the Bonds is irrevocably appropriated to the payment of such interest on the Bonds as described above. The monies to be deposited in the Escrow Account for the interest on the Bonds shall be used solely for the purposes herein set forth and for no other purpose.

C. Securities purchased for the Escrow Account shall be purchased simultaneously with the delivery of the funds to the Escrow Agent. The Chair and Clerk, or their designee, are authorized and directed to purchase such securities.

Adopted this 16th day of November, 2010.

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

Yeah:

Nay:

Clerk

Chair

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