

RESOLUTION

Authorizing The Execution And Delivery Of An Amendment To Installment Purchase Contract And A Supplement To Declaration Of Trust And Approving The Issuance, Sale And Delivery Of \$2,730,000 Full Term Refunding Certificates Of Participation, Series 2019c

BE IT RESOLVED, by the School Board (the "School Board") of Independent School District No. 709, St. Louis County (Duluth), Minnesota (the "District"), as follows:

Section 1. Authority and Background.

A. Pursuant to the authority contained in Minnesota Statutes, Section 126C.40, Subd. 6 (the "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.

B. The District has approved a Long-Range Facilities Plan (the "Plan") and the Commissioner of Education has approved the District's borrowing of \$111,442,577 under the Act to finance the purchase of real and personal property for the projects set forth in the Plan as described in the Original Contract, as hereinafter defined (the "Original Project").

C. By Resolution B-5-08-2541, adopted May 29, 2008, 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 an installment purchase contract pursuant to the Act to finance the costs of the Original Project and issuing full term certificates of participation in the installment payments under the installment purchase contract in the maximum principal amount of \$111,440,000 pursuant to a declaration of trust.

D. Pursuant to the Act, the District applied to the Commissioner of Education for permission to make an additional levy for the installment payments under the Original Contract to finance the Original Project and the Commissioner authorized the Original Project and the levy.

E. The District selected U.S. Bank National Association, St. Paul, Minnesota (the "Trustee") to act as vendor and the trustee as follows: the Trustee, as vendor, entered into an Installment Purchase Contract dated as of June 1, 2008 (the "Original Contract"), with the District regarding the acquisition, construction and equipping of the Original Project, and the District and the Trustee entered into a Declaration of Trust dated as of June 1, 2008 (the "Original Declaration"), pursuant to which Full Term Certificates of Participation, Series 2008B, in the installment payments under the Original Contract in the principal amount of \$111,440,000 (the "2008 Certificates"), were executed and delivered by the Trustee.

F. The District has approved an amendment to the Plan and modified the projects to be financed under the Original Contract and the Commissioner of Education approved the amendment to the Plan and the modification to the Original Project and has approved the

District's borrowing of an additional \$5,000,000 under the Act to finance the Original Project, as modified, and as described in the First Amendment to Contract, as hereinafter defined.

G. By Resolution B-9-10-2819 adopted September 13, 2010, 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 an amendment to the Original Contract to provide additional funds to purchase the real and personal property described in the Plan, as amended, and issuing full term certificates of participation in the installment payments under a supplement to the Original Declaration in the maximum principal amount of \$5,000,000.

H. The Trustee, as vendor, and the District, as vendee, entered into an Amendment to Installment Purchase Contract dated as of October 1, 2010 (the "First Amendment to Contract"), to revise and restate the installment payments, modify the description of the Original Project and amend other related matters, such amendment shall modify the Original Contract. The District and the Trustee entered into a Supplement to Declaration of Trust dated as of October 1, 2010 (the "First Supplement to Declaration"), pursuant to which the Full Term Certificates of Participation, Series 2010C, in the installment payments under the Contract in the principal amount of \$5,000,000 (the "2010C Certificates") were executed and delivered by the Trustee.

I. Pursuant to the Act, the District applied to the Commissioner of Education for permission to make an additional levy for the Installment Payments under the Original Contract, as amended, to finance a portion of the costs of the acquisition and improvements to Congdon Elementary and Grant Elementary (now Myers-Wilkins Elementary).

J. By Resolution B-4-12-3007 adopted April 24, 2012, as amended by Resolution B-6-12-3031 adopted June 11, 2012, 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 an amendment to the Original Contract, as amended, to provide additional funds to purchase real and personal property for Congdon Elementary and Grant Elementary (now Myers-Wilkins Elementary) which are a portion of the Project and issuing full term capital appreciation certificates of participation in the Installment Payments under a supplement to the Original Declaration, as supplemented.

K. The Trustee, as vendor, and the District, as vendee, entered into an Amendment to Installment Purchase Contract dated as of June 1, 2012 (the "Second Amendment to Contract"), to revise and restate the Installment Payments, modify the description of the Original Project, as amended (the "Project"), and amend other matters, such amendment shall modify the Original Contract, as amended. The District and the Trustee entered into a Supplement to Declaration of Trust dated as of June 1, 2012 (the "Second Supplement to Declaration"), pursuant to which Full Term Capital Appreciation Certificates of Participation, Series 2012A, in the Installment Payments under the Contract in the original principal amount of \$12,800,424.50 and a total accreted amount at maturity of \$21,700,000.00 (the "2012A Certificates"), were executed and delivered by the Trustee.

L. Pursuant to the Act, the District applied to the Commissioner of Education for permission to make an additional levy for the additional installment payments under the Second Amendment to Contract to finance a portion of the Congdon Elementary and Grant Elementary

(now Myers-Wilkins Elementary), which is a portion of the Project, and the Commissioner authorized the modified Original Project and the levy.

M. Under and pursuant to the Act and Minnesota Statutes, Section 475.67, Subdivisions 1 through 12 and Resolution B-7-16-3385, the District in order to reduce debt service costs provided for the issuance of Full Term Refunding Certificates of Participation, Series 2016A (the “2016 Certificates”) in the principal amount of \$82,605,000 to refund the outstanding principal of the 2008 Certificates.

N. The Trustee, as vendor, and the District, as vendee, entered into an Amendment to Installment Purchase Contract dated as of August 1, 2016 (the “Third Amendment to Contract”), to revise and restate the installment payments and amend other related matters. The District and the Trustee also entered into a Supplement to Declaration of Trust dated as of August 1, 2016 (the “Third Supplement to Declaration”), pursuant to which the 2016 Certificates were executed and delivered by the Trustee.

O. Under and pursuant to the Act and Minnesota Statutes, Section 475.67, Subdivisions 1 through 4, the District may, in order to reduce debt service costs, refinance its outstanding obligations through the issuance and sale of refunding certificates of participation. The School Board has determined that the District shall provide for the issuance of Full Term Refunding Certificates of Participation, Series 2019C, to provide for the prepayment and redemption of the 2010C Certificates maturing on and after February 1, 2020 (the “Refunded Certificates”). The Refunded Certificates are called for prepayment and redemption on May 29, 2019 (May 29, 2019 is herein referred to as the “Redemption Date”).

P. The Trustee, as vendor, and the District, as vendee, shall enter into an Amendment to Installment Purchase Contract dated as of May 1, 2019 (the “Fourth Amendment to Contract”) to revise and restate the installment payments and amend other related matters, such amendment shall modify the Original Contract, as amended (the Original Contract, as amended, and amended by the Fourth Amendment to Contract, is herein referred to as the “Contract”). The District and the Trustee shall enter into a Supplement to Declaration of Trust dated as of May 1, 2019 (the “Fourth Supplement to Declaration”), pursuant to which the Full Term Refunding Certificates of Participation, Series 2019C, in the installment payments under the Contract in the principal amount of \$_____ (the “2019C Certificates”) shall be executed and delivered by the Trustee (the Original Declaration, as supplemented, and as supplemented by the Fourth Supplement to Declaration is herein referred to as the “Declaration”).

Q. Forms of the following documents relating to the financing have been prepared and submitted to the School Board:

- (1) the Fourth Amendment to Contract proposed to be made and entered into between the District and the Trustee; and
- (2) the Fourth Supplement to Declaration proposed to be made and entered into between the District and the Trustee.

Section 2. A. The School Board has determined to proceed with the sale of the 2019C Certificates by direct negotiation to Robert W. Baird & Co. in Milwaukee, Wisconsin

(“Baird”), and has determined to retain _____, an independent municipal advisor to provide pricing opinion services.

B. Baird has proposed and the pricing committee of the District has accepted Baird’s proposal to purchase the 2019C Certificates at a cash price of \$_____, plus accrued interest on the total principal amount from May 29, 2019, to the date of delivery and upon condition that the 2019C Certificates are payable at the times and on the terms set forth in the Contract and the Declaration.

C. The 2019C Certificates to be issued shall mature on February 1 in the respective years and amounts stated and shall bear interest at the annual rates as follows:

Year	Amount	Interest Rate
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		

D. Redemption. (i) The 2019C Certificates maturing in the years 2020 through 2025 shall not be subject to redemption and prepayment before maturity, but those maturing, or subject to mandatory redemption, in the year 2026 and in subsequent years shall each be subject to redemption and prepayment at the option of the District on February 1, 2025, and on any date 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 at a price of par plus accrued interest to the date of redemption, as provided for in the Declaration.

(ii) In the event of damage to all or a portion of the Project and the District makes the certification and election at the times and in the manner set forth in the Contract, the 2019C Certificates, or a portion thereof, shall be subject to prepayment on any date, at par plus accrued interest to the date of redemption, as provided for in the Declaration.

(iii) The 2019C Certificates maturing on February 1 in the years 20____ and 20____ shall be subject to mandatory redemption prior to maturity pursuant to the requirements of the Declaration at a redemption price equal to the stated principal amount thereof plus interest accrued thereon to the redemption date, without premium. The Trustee shall select for redemption, by lot or other manner deemed fair, on February 1 in each of the following years the following stated principal amounts:

For 2019C Certificates maturing on February 1, 20____:

Year	Amount
20____	
20____*	

* Final Maturity

For 2019C Certificates maturing on February 1, 20____:

Year	Amount
20____	
20____*	

* Final Maturity

E. For purposes of complying with Minnesota Statutes, Section 475.54, Subd. 1, the maturity schedule for the 2019C Certificates shall be combined with the other full term certificates of participation of the District issued and outstanding.

Section 3. It is hereby found, determined and declared by the School Board that:

A. It is desirable and in the best interests of the District to enter into the Fourth Amendment to Contract and the Fourth Supplement to Declaration;

B. The terms of the Fourth Amendment to Contract and the Fourth Supplement to Declaration are found to be advantageous to the District and are hereby approved;

C. The Installment Payments under the Contract are absolute and unconditional as provided for in Article III of the Contract and are not subject to annual appropriation of the District; and

D. Based upon information from Baird, the proceeds of the 2019C Certificates and the funds available and appropriated to the Prepayment Fund created in the Declaration will be sufficient to pay the principal and interest due on the Refunded Certificates on May 29, 2019, the Redemption Date.

Section 4. A. For the prompt and full payment of the installment payments under the Contract when due, there is hereby levied a direct, annual, ad valorem tax, as an additional levy pursuant to Minnesota Statutes, Section 126C.40, and other laws, 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.

B. The District maintains a Debt Service Fund on its books and records. A separate account was created within the Debt Service Fund and is designated as the "Installment Purchase Contract Account" (the "Contract Account"). The tax levies provided for in this Section 4 are

hereby pledged to, and shall be used for no purpose other than, the payment of Installment Payments under the Contract; provided, however, that if any such Installment Payment shall become due when there is not sufficient money in the Contract Account, the Treasurer may 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 herein levied or appropriated.

C. Except as permitted by Minnesota Statutes, Section 475.61, Subd. 3, such tax levies shall be irrevocable as long as the Contract remains in effect.

Section 5. The Chair and the Clerk are hereby authorized and directed to execute and deliver the Fourth Amendment to Contract and the Fourth Supplement to Declaration substantially in the forms now on file with the Clerk, with such necessary and appropriate omissions, modifications, insertions and additions as do not materially affect the substance of the transaction, consistent with the Act, as the Chair in his discretion shall determine. The execution of the Fourth Amendment to Contract and the Fourth Supplement to Declaration by the Chair, with the advice of the Attorney for the District, shall be conclusive evidence of such determination. All of the provisions of the Fourth Amendment to Contract and the Fourth Supplement to Declaration, when executed and delivered as authorized herein, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated herein and shall be in full force and effect from the date of execution and delivery thereof. The District approves the 2019C Certificates being registered as depository obligations with The Depository Trust Company, New York, New York, as set forth in the Declaration.

Section 6. The Chair and the Clerk are hereby authorized to execute and deliver, on behalf of the District, such other documents as are necessary or appropriate in connection with the Fourth Amendment to Contract and the Fourth Supplement to Declaration, and the issuance, sale and delivery of the 2019C Certificates.

Section 7. All covenants, stipulations, obligations and agreements of the District contained in this Resolution and the Contract and the Declaration shall be deemed to be the covenants, stipulations, obligations and agreements of the District to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations and agreements shall be binding upon the District upon execution and delivery of the Fourth Amendment to Contract and the Fourth Supplement to Declaration. Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the District or its officers by the provisions of this Resolution or of the aforementioned documents to be executed and delivered by the District shall be executed or performed by the District or by such officers of the District, or such board, body, authority or agency thereof as may be required by law to exercise such powers and to perform such duties.

Section 8. Except as herein otherwise expressly provided, nothing in this Resolution or in the Contract and the Declaration, expressed or implied, is intended or shall be construed to confer upon any person or firm or corporation, other than the District, the Trustee, Baird, or any holder of the 2019C Certificates issued under the provisions of this Resolution, any right, remedy or claim, legal or equitable, under and by reason of this Resolution or any provision hereof, that the aforementioned documents and all of their provisions being intended to be and being for the

sole and exclusive benefit of the District, the Trustee, Baird, and any holder from time to time of the 2019C Certificates issued under the provisions of this Resolution.

Section 9. The officers and other agents or employees of the District are hereby authorized to do all acts and things required of them by or in connection with this Resolution, the refunding of the Refunded Certificates, the Fourth Amendment to Contract and the Fourth Supplement to Declaration, and the 2019C Certificates, without further action of the Board, for the full, punctual and complete performance of all the terms, covenants and agreements contained in the 2019C Certificates, the aforementioned documents and this Resolution.

Section 10. In the event any of the officers of the District authorized to execute the documents on behalf of the District under this Resolution shall for any reason be unable to do so, any other officer of the District authorized to act for such designated officer is hereby directed and authorized to do so on behalf of the District with the same effect as if executed by the officer authorized to do so in this Resolution.

Section 11. All actions of the members, officers, employees and staff of the District heretofore taken and in furtherance of this financing are hereby approved, ratified and confirmed.

Section 12. A. The Clerk of the District 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 2019C Certificates herein authorized have been duly entered on her register.

B. The Chair, the Clerk, the Treasurer and other officers of the District are authorized and directed to prepare and furnish, with regard to the issuance of the 2019C Certificates, certified copies of all proceedings and records of the District relating to the 2019C Certificates and such other affidavits, certificates and opinions as may be required to show the facts relating to the legality, tax exemption and marketability of the 2019C Certificates as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; that all such certified copies, certificates, affidavits and opinions, including and heretofore furnished, shall constitute representations of the District as to the truth of all statements made by the District and contained herein.

Section 13. The School Board has covenanted and has obligated itself in Resolution B-3-19-3634, adopted March 19, 2019, to be bound by the provisions of Minnesota Statutes, Section 126C.55. The School Board hereby reaffirms such covenants and obligations.

Section 14. The District hereby authorizes the circulation of the final Official Statement in connection with the sale and delivery of the 2019C Certificates.

Section 15. Tax Covenants.

A. The District covenants and agrees with the holders of the 2019C Certificates that the District will (i) take all action on its part necessary to cause the interest on the 2019C Certificates 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 2019C Certificates 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 2019C Certificates to be subject to federal income taxes, including, without limitation, refraining from spending the proceeds of the 2019C Certificates and investment earnings thereon on certain specified purposes.

B. No portion of the proceeds of the 2019C Certificates 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 2019C Certificates 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 Certificates or \$100,000. To this effect, any proceeds of the 2019C Certificates and any sums from time to time held in the Contract Revenue Fund or the Prepayment Fund by the Trustee (or any other District fund or account which will be used to pay principal and interest to become due on the 2019C Certificates) 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 2019C Certificates and money in the Contract Revenue 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 2019C Certificates to be federally guaranteed within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code").

C. The School Board covenants and certifies to and for the benefit of the owners of the 2019C Certificates that no use will be made of the proceeds of the Certificates, which will cause the 2019C Certificates to be arbitrage bonds within the meaning of Section 148(a) of the Code and the Treasury Regulations promulgated thereunder. Pursuant to such covenant, the School Board hereby agrees to comply throughout the term of the issue of the 2019C Certificates with the requirements of Section 148 of the Code and any Treasury Regulations promulgated thereunder and Article V of the Declaration.

Section 16. Continuing Disclosure. The District acknowledges that the 2019C Certificates 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 bondholders to provide continuing disclosure with respect to the bonds. To provide for the public availability of certain information relating to the 2019C Certificates and the security therefor and to permit underwriters of the 2019C Certificates to comply with the Rule, which will enhance the marketability of the 2019C Certificates, 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 17. 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 2019C Certificates. 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	2012A Certificates Tax Levy	2016 Certificates Tax Levy	2019C Certificates Tax Levy	Total Tax Levy
2018	2019	--	\$ 8,526,700	\$ 388,750*	\$8,915,450
2019	2020	\$ 735,000	8,734,900		**
2020	2021	1,785,000	8,951,850		
2021	2022	2,000,000	9,170,350		
2022	2023	2,000,000	9,402,100		
2023	2024	2,485,000	9,655,100		
2024	2025	4,020,000	9,851,850		
2025	2026	4,235,000	10,068,600		
2026	2027	4,440,000	10,281,000		

* 2018/2019 tax levy for 2010C Certificates shall pay principal and interest due on February 1, 2020, on the 2019C Certificates

** Such amount shall be reduced by \$_____, the amount of accrued interest, unused discount and rounding.