

Millburn School District No. 24  
Lake County, Illinois

February 6, 2012

Elizabeth M. Hennessy  
Principal

(312) 364-8955

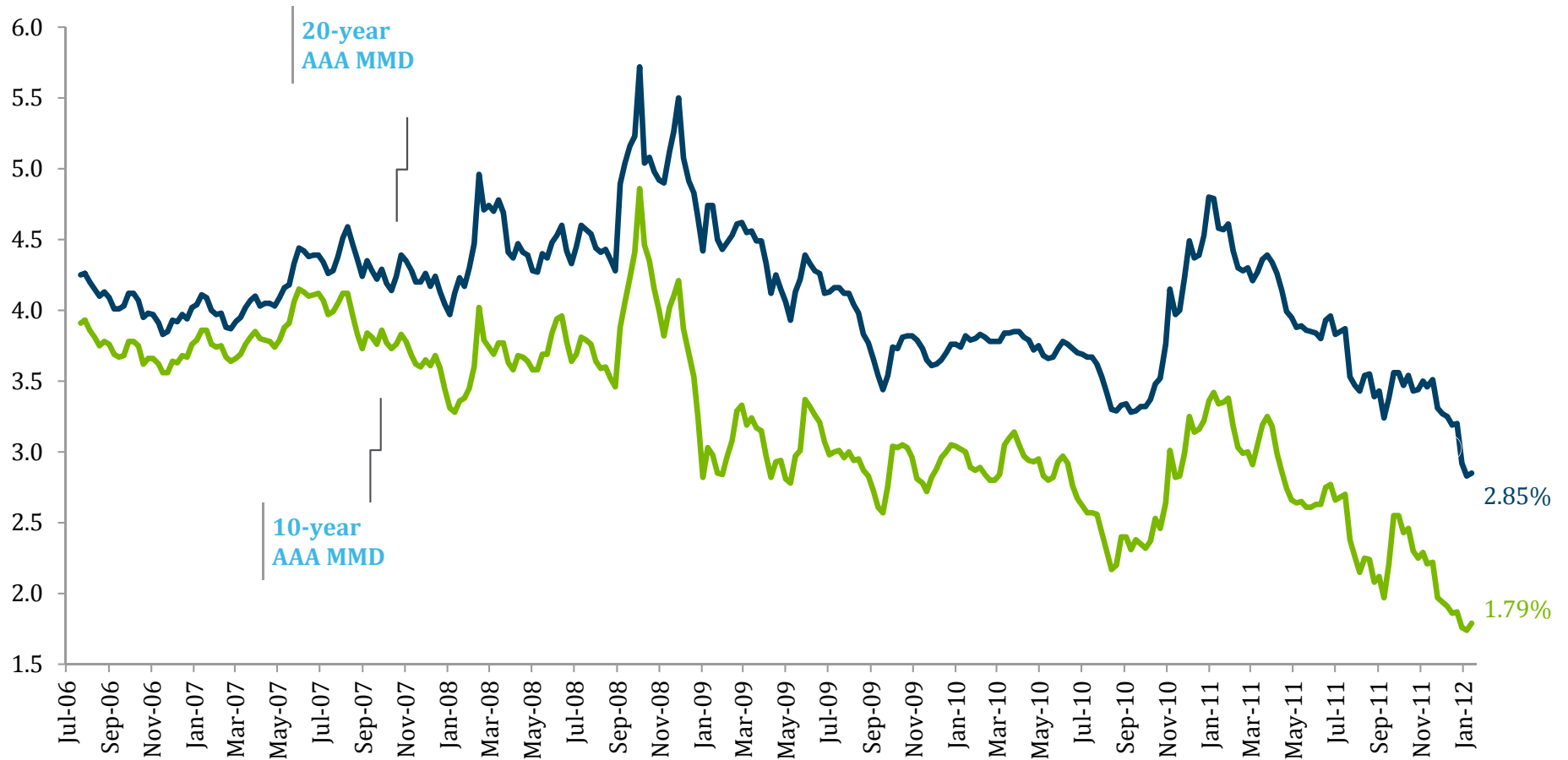
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*William Blair*

# Market Overview

# Historic AAA MMD Interest Rates

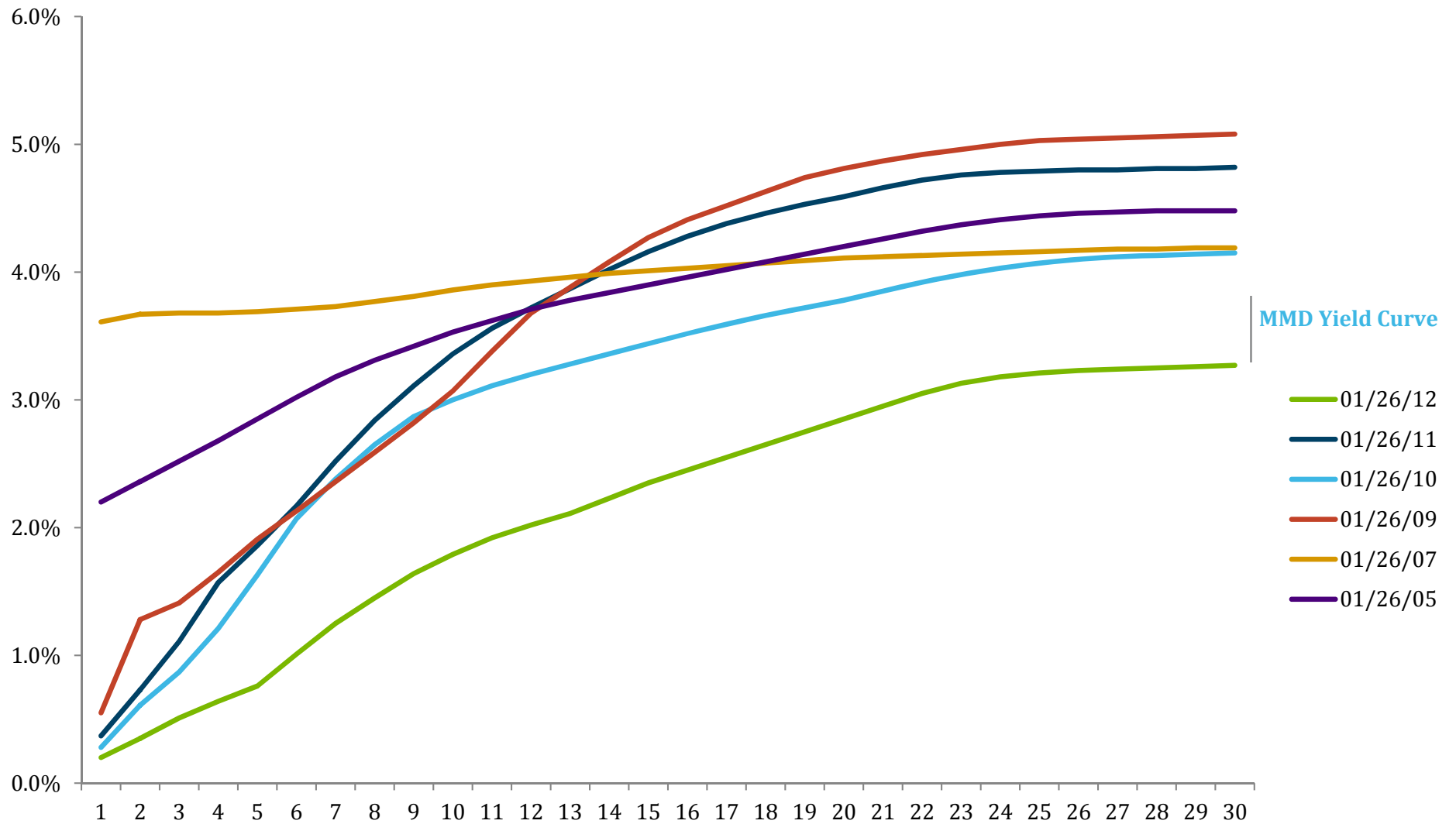
AAA Municipal Market Data (“MMD”) during the past 5 years



Note: Reflects market conditions as of January 26, 2012  
Source: Thomson Financial

# Municipal Yield Curve Comparison

AAA MMD curves during the past 7 years



Note: Reflects market conditions as of January 26, 2012  
Source: Thomson Financial

# Outstanding Debt Service

Dated	May 20, 1999					May 25, 2004				May 25, 2004			
Issue	GO SCHOOL BONDS **CAP APPREC BONDS**					GO SCHOOL BONDS **CURRENT INTEREST BONDS**				GO SCHOOL BONDS **CAP APPREC BONDS**			
Series	1999B					2004				2004			
Original Par	9,326,744					15,984,547				15,984,547			
Earliest Call	NON-CALLABLE					Current Interest Bonds on Jan 1, 2014 @ par plus accrued interest				Capital Appreciation- NON-CALLABLE			
Rating	Aaa					AAA/A+				AAA/A+			
Maturity	January 1,					January 1,				January 1,			
	Amount	Coupon	ted Value/	Accreted Value	Total	Amount	Coupon	Interest	Total	Amount	Coupon	Accreted Value	Total
**PMT Date													
6/1/2012								140,500	140,500				
12/1/2012	639,662	7.600%	1,822	1,115,338	1,755,000			140,500	140,500				
6/1/2013								140,500	140,500				
12/1/2013	963,763	4.800%	2,510	956,237	1,920,000			140,500	140,500				
6/1/2014								140,500	140,500				
12/1/2014	890,794	4.850%	2,375	984,206	1,875,000			140,500	140,500				
6/1/2015								140,500	140,500				
12/1/2015	1,075,882	4.900%	2,246	1,319,118	2,395,000			140,500	140,500				
6/1/2016								140,500	140,500				
12/1/2016	84,146	5.000%	2,104	115,854	200,000			140,500	140,500				
6/1/2017								140,500	140,500	1,344,981	5.110%	1,195,019	2,540,000
12/1/2017								140,500	140,500				
6/1/2018	-							140,500	140,500	1,486,454	5.180%	1,493,546	2,980,000
12/1/2018								140,500	140,500				
6/1/2019						1,995,000	5.000%	140,500	2,135,500	586,563	5.250%	663,438	1,250,000
12/1/2019								90,625	90,625				
6/1/2020						3,625,000	5.000%	90,625	3,715,625				
12/1/2020													
6/1/2021										1,694,306	5.410%	2,415,694	4,110,000
12/1/2021													
6/1/2022										1,711,576	5.490%	2,728,424	4,440,000
12/1/2022													
6/1/2023										1,716,466	5.570%	3,078,534	4,795,000
12/1/2023													
6/1/2024										1,369,202	5.650%	3,805,799	5,175,000
12/1/2024													
	\$3,654,247			\$4,490,753	\$8,145,000			\$5,620,000	\$2,288,750	\$7,908,750	\$3,417,997	\$3,352,003	\$6,770,000

# Outstanding Debt Service (continued)

Dated	May 25, 2004				October 15, 2009			
Issue	GO SCHOOL BONDS **CAP APPREC BONDS**				GO REFUNDING SCHOOL BONDS			
Series	2004				2009			
Original Par	15,984,547				1,825,000			
Earliest Call	Capital Appreciation- NON-CALLABLE				NON-CALLABLE			
Rating	AAA/A+				A			
Maturity	January 1,				December 1,			
	Amount	Coupon	Accreted Value	Total	Amount	Coupon	Interest	Total
**PMT Date					PMT Date**			
1/1/2012							2,938	2,938
7/1/2012							2,938	2,938
1/1/2013							2,938	2,938
7/1/2013							2,938	2,938
1/1/2014							2,938	2,938
7/1/2014					235,000	2.500%	2,938	237,938
1/1/2015								
7/1/2015								
1/1/2016								
7/1/2016								
1/1/2017	1,344,981	5.110%	1,195,019	2,540,000				
7/1/2017								
1/1/2018	1,486,454	5.180%	1,493,546	2,980,000				
7/1/2018								
1/1/2019	586,563	5.250%	663,438	1,250,000				
7/1/2019								
1/1/2020								
7/1/2020								
1/1/2021	1,694,306	5.410%	2,415,694	4,110,000				
7/1/2021								
1/1/2022	1,711,576	5.490%	2,728,424	4,440,000				
7/1/2022								
1/1/2023	1,716,466	5.570%	3,078,534	4,795,000				
7/1/2023								
1/1/2024	1,369,202	5.650%	3,805,799	5,175,000				
7/1/2024								
	\$3,417,997		\$3,352,003	\$6,770,000	\$235,000		\$17,625	\$252,625

# Outstanding Debt Service Summary

		Semi-Annual Total	Fiscal Year	Fiscal Year Total	Levy Year	Levy Year Total
PMT Date	PMT Date					
1/1/2012	6/1/2012	143,438	6/30/2012	1,896,750	2010	1,896,750
7/1/2012	12/1/2012	1,898,438				
1/1/2013	6/1/2013	143,438	6/30/2013	2,041,875	2011	2,041,875
7/1/2013	12/1/2013	2,063,438				
1/1/2014	6/1/2014	143,438	6/30/2014	2,206,875	2012	2,206,875
7/1/2014	12/1/2014	2,253,438				
1/1/2015	6/1/2015	140,500	6/30/2015	2,393,938	2013	2,393,938
7/1/2015	12/1/2015	2,535,500				
1/1/2016	6/1/2016	140,500	6/30/2016	2,676,000	2014	2,676,000
7/1/2016	12/1/2016	340,500				
1/1/2017	6/1/2017	2,680,500	6/30/2017	3,021,000	2015	3,021,000
7/1/2017	12/1/2017	140,500				
1/1/2018	6/1/2018	3,120,500	6/30/2018	3,261,000	2016	3,261,000
7/1/2018	12/1/2018	140,500				
1/1/2019	6/1/2019	3,385,500	6/30/2019	3,526,000	2017	3,526,000
7/1/2019	12/1/2019	90,625				
1/1/2020	6/1/2020	3,715,625	6/30/2020	3,806,250	2018	3,806,250
7/1/2020	12/1/2020	0				
1/1/2021	6/1/2021	4,110,000	6/30/2021	4,110,000	2019	4,110,000
7/1/2021	12/1/2021	0				
1/1/2022	6/1/2022	4,440,000	6/30/2022	4,440,000	2020	4,440,000
7/1/2022	12/1/2022	0				
1/1/2023	6/1/2023	4,795,000	6/30/2023	4,795,000	2021	4,795,000
7/1/2023	12/1/2023	0				
1/1/2024	6/1/2024	5,175,000	6/30/2024	5,175,000	2022	5,175,000
7/1/2024	12/1/2024					
				\$24,829,688		\$24,829,688

# Opportunity to Refund the Series 2004 Bonds for Savings

- The Series 2004 Bonds were approved by referendum for school buildings.
- The Bonds are callable on January 1, 2014
- Bonds may be refunded in advance of the call date once on a tax-exempt basis
- The optimal process for issuing refunding bonds is to have the Board approve a savings target and authorize a parameters refunding resolution.
- This allows optimal market timing and avoid having to call a meeting in a hurry.

<b>School District 24, Lake County, IL (Millburn)</b>			
<u>Period Ending</u>	<u>Series 2004 Prior Debt Service</u>	<u>Series 2012 Refunding Debt Service</u>	<u>Annual Savings</u>
1/1/2013	\$281,000	\$240,880	\$40,120
1/1/2014	281,000	230,350	50,650
1/1/2015	281,000	230,200	50,800
1/1/2016	281,000	230,050	50,950
1/1/2017	281,000	229,900	51,100
1/1/2018	281,000	229,750	51,250
1/1/2019	2,276,000	2,224,600	51,400
1/1/2020	3,806,250	3,759,600	46,650
	<b>\$7,768,250</b>	<b>\$7,375,330</b>	<b>\$392,920</b>

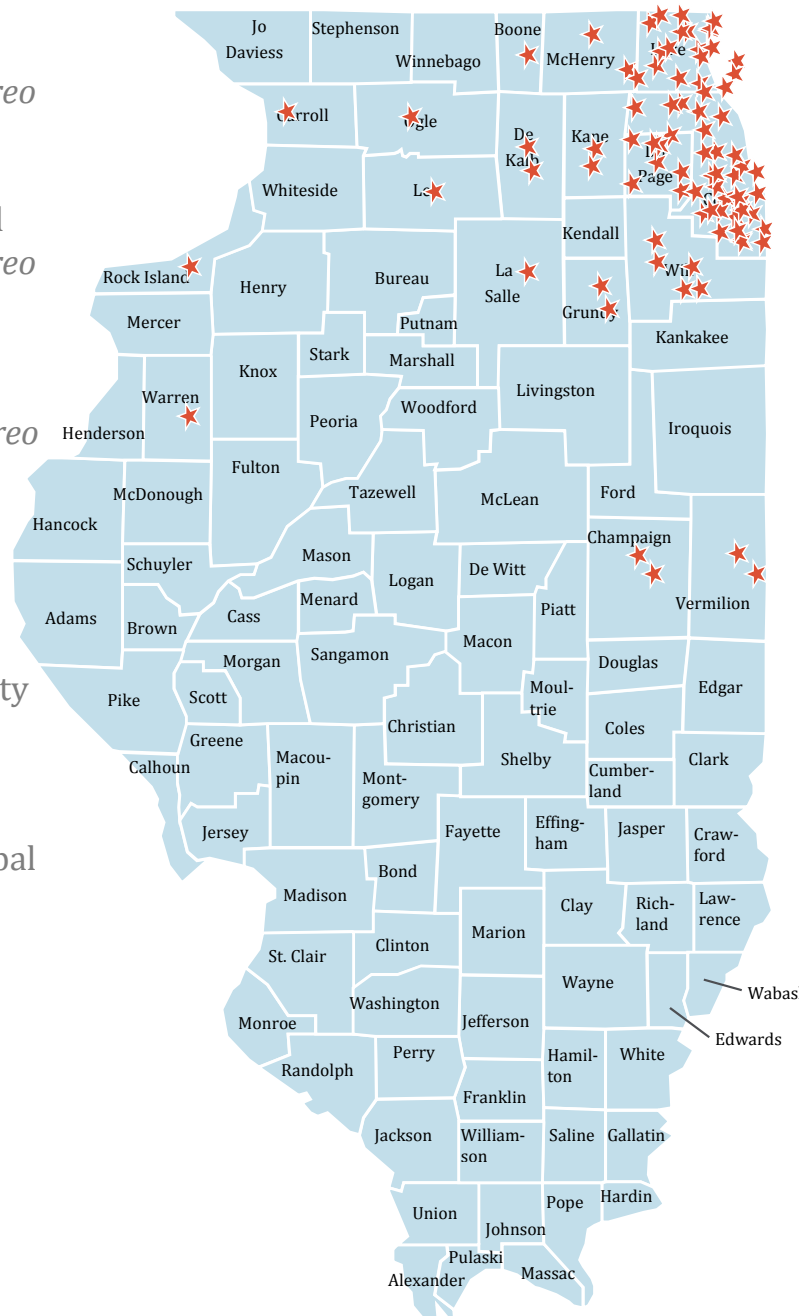
<b>Savings Summary</b>	
Total Savings.....	\$ 392,920
Average annual savings.....	\$ 49,115
Net PV Savings.....	\$ 358,587
PV as a % of Bonds Refunded.....	6.3805%
Average Coupon on Series 2004 Bonds	5.00%
All-In True Interest Cost on Series 2012 Bonds	2.76%
Par Amount of Bonds Refunded.....	\$ 5,620,000
Negative Arbitrage.....	\$ 241,447



# William Blair & Company

# School District Clients in Illinois

- ✓ Ranked #1 in number of Illinois school district bond issues in 2010 (Source Ipreo Muni IC)
- ✓ Ranked #1 in number of Illinois school district bond issues in 2009 (Source Ipreo Muni IC)
- ✓ Ranked #5 in number of Illinois tax exempt bond issues in 2010 (Source Ipreo Muni IC)
- ✓ Worked on over 20 successful referendums in the past five years including referendums for operating rates, bond issues, County School Facility Sales Tax, Debt Service Extension Base, new schools
- ✓ Over 55 individuals engaged in municipal banking, underwriting and sales
- ✓ Largest municipal bond sales force in midwest
- ✓ Over 16,500 retail accounts, majority represented by Illinois clients



# Why William Blair & Company?

## Senior Level Focus and Attention

- Any assignment from the client will be a firm-wide priority

## Instant, Candid Answers

- Results in real time decisions

## Coordinated Sales Force and Bankers

- Better informed dialogue with investors
- Creates confidence in the pricing process

## Established Relationships with Tier II and Tier III Investors

- Wider investor outreach generates greater demand across the yield curve
- Produces the lowest borrowing costs

## Issuer-centric Business Model

- Issuer's goals outrank all other relationships
- Allows for development and execution of innovative tailored solutions

## William Blair & Company is a steadfast and reliable partner

- Know your underwriter
- Integrity counts

# Aggressive Pricing Banking at William Blair

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## The Banking Team

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- Steadfast commitment to and presence in public finance
  - ❑ Continuous leadership
- Proven track record of executing innovative solutions for complex issues inherent to large public issuers such as the State:
  - ❑ Debt portfolio restructuring
  - ❑ Infrastructure projects
  - ❑ Managing volatile market environments
- Tailor made quantitative models that generate structures consistent with the State's financial and policy goals
- Powerful price discovery tool – the Secondary Market Trade Tracker
  - ❑ Supports aggressive price conversations with investors

## The Sales and Underwriting Team

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- Deep relationships with anchor Tier I investors, complemented by unique access to Tier II and III buyers
- Integrated tax-exempt and taxable desks
- Unique, commission based sales force compensation. Dutch auction process. Bonds awarded on maturity by maturity basis based on lowest yield. Sealed bid process.
- Consistent deal support in challenging and steady markets alike
  - ❑ Underwriting commitments are made instantaneously
- Dedicated to borrowings of all sizes across the yield curve

# Pricing Performance

Sale Date	11/16/2011			11/8/2011			11/8/2011			11/7/2011		
Amount	\$9,975,000			\$8,750,000			\$9,660,000			\$6,985,000		
Issuer	Riverside SD 96			CUSD No. 304 Geneva - BQ			Aurora - BQ			Indian Prarie CUSD # 204 - BQ		
Underwriter	Competitive-Raymond James			Negotiated-William Blair			Competitive-Stifel Nicolaus &			Competitive -Robert W. Baird		
Financial Advisor:	PMA						Speer			Ehlers		
Rating	Aa1			AA+			Aa1/AA+			Aa1		
Maturity		11/1			1/1			12/30			12/30	
Callable	Non-Callable			Non-Callable			Callable 12/30/20 @ 100			Non-Callable		
MATY	CPN	YLD	SPREAD	CPN	YLD	SPREAD	CPN	YLD	SPREAD	CPN	YLD	SPREAD
2012	2.00	0.75	+49	1.00	0.35	+20	2.00	0.45	+19			
2013	2.00	1.00	+57				2.00	NRO	-			
2014	2.00	1.15	+50				2.50	NRO	-			
2015	2.00	1.45	+50				3.00	NRO	-			
2016	2.00	1.75	+53				3.00	NRO	-			
2017	2.50	2.00	+56				3.00	1.62	+19			
2018	2.50	2.15	+47	4.00	1.75	+24	3.00	1.87	+20			
2019	3.00	2.35	+41	4.00	2.00	+24	3.00	2.11	+20	2.50	2.30	+38
2020	3.00	2.50	+31				3.00	2.36	+20			
2021	3.00	2.60	+26				3.00	2.58	+20			
2022							3.00	2.70	+25			
	To the Late MMD Scale			To the Early MMD Scale			To the Late MMD Scale			To the Late MMD Scale		

# Pricing Performance

Sale Date	11/30/2011			11/28/2011			10/5/2011			10/5/2011		
Amount	\$2,185,000			\$5,000,000			\$2,185,000			\$3,480,000		
Issuer	Lake Forest School District No. 67			Highland Park			Lake Bluff Village (BQ)			Naperville Park District Series B (BQ)		
Underwriter	Negotiated -William Blair			Negotiated -Morgan Keegan			Competitive - BMO-Harris Bank			Negotiated - BMO Capital		
Rating	Aaa			Aaa			Aaa			Aaa		
Maturity	1/1			12/30			12/15			1/15		
Callable	Non-Callable			Callable 12/30/19 @ PAR			Callable 12/15/19 @ PAR			Callable 1/15/21 @ 100		
MATY	CPN	YLD	SPREAD	CPN	YLD	SPREAD	CPN	YLD	SPREAD	CPN	YLD	SPREAD
2011												
2012	1.00	0.30	+15	2.00	0.50	+24	2.00	0.80	+53			
2013	1.00	0.50	+20	2.00	0.78	+35	2.00	0.80	+39			
2014	1.00 / 3.00	0.70	+19	2.00	0.99	+35	2.00	1.00	+35			
2015	1.50 / 3.00	1.00	+25	3.00	1.27	+35	2.00	1.20	+27	2.50	1.15	+35
2016	2.00	1.21	+25	3.00	1.49	+35	2.00	1.50	+25	2.75	1.45	+35
2017				3.00	1.68	+35	2.50	1.75	+25	3.00	1.75	+37
2018				3.00	1.90	+35	2.75	2.05	+24	3.00	2.05	+37
2019				3.000	2.00	+19	2.875	2.40	+28	3.00	2.35	+35
2020				3.000	2.15	+9	3.125	2.65	+33	3.50	2.60	+39
2021				3.00	2.25	+3	3.25	2.80	+34	3.50	2.75	+39
2022				3.00	2.35	+3	3.25	2.90	+31	3.25	2.95	+45
2023				3.00	2.45	+10	3.25	3.05	+33	3.50	3.15	+51
2024				3.00	2.55	+7	3.50	3.20	+38	3.25	3.35	+59
2025				3.00	2.75	+11				3.50	3.50	+58
2026				3.25	2.90	+8				3.50	3.60	+57
	To the Early MMD			To the Late MMD			To the Late MMD			To the Early MMD		

# Pricing Performance

Sale Date	12/20/2011			12/16/2011			12/15/2011			12/12/2011			12/8/2011			12/2/2011		
Amount	\$8,300,000			\$1,530,000			\$13,980,000			\$2,185,000			\$3,035,000			\$1,650,000		
Issuer	School District No. 68 (Skokie)			Zion Park District			St. Clair			United Township High School District No. 30			Community USD No. 5			Village of North Riverside		
Underwriter	Negotiated -William Blair			Negotiated -BMO			Negotiated - Hutchinson			Negotiated - First Midstate			Negotiated - Edward Jones			Negotiated - Robert W. Baird		
Rating	Aa1			Aa3			Aa2 / AA			Aa3			Aa3			A1 (Aa3 Insured)		
Maturity	12/15			12/30			12/1			12/1			4/15			12/1		
Callable	Non-Callable			Non-Callable			12/1/12 @ 100			Non-Callable			Non-Callable			Non-Callable		
MATY	CPN	YLD	SPREAD	CPN	YLD	SPREAD	CPN	YLD	SPREAD	CPN	YLD	SPREAD	CPN	YLD	SPREAD	CPN	YLD	SPREAD
2011																		
2012	2.00	0.85	74	1.25	1.25	114	2.00	1.00	88	3.50	1.25	116	1.00	1.00	98	1.40	1.40	128
2013	2.00	1.24	98	1.50	1.50	126	2.00	1.50	124	3.75	1.60	137	1.60	1.60	146	1.75	1.75	151
2014	2.25	1.51	112	1.85	1.85	150	2.00	1.65	128	3.75	2.00	165	2.00	2.00	174	2.15	2.15	177
2015	2.25	1.95	110				2.30	2.30	169	3.75	2.50	190	2.35	2.35	192	2.65	2.65	201
2016													2.75	2.75	206	3.00	3.00	209
2017													3.15	3.15	220	3.30	3.30	211
2018																3.70	3.70	222
	To the TSY			To the TSY			To the TSY			To the TSY			To the TSY			To the TSY		





# Pricing Performance

Sale Date	11/16/2011			11/8/2011			11/3/2011			10/25/2011			10/18/2011		
Amount	\$6,780,000			\$4,100,000			\$6,875,000			\$7,030,000			\$6,000,000		
Issuer	CUSD #100 (Belvidere)			Oswego			DuPage SD #11			Hanover Park			Champaign Cnty SD #116		
Underwriter	William Blair			Negotiated-R.W. Baird			Negotiated-Raymond James			Competitive-Stifel Nicolaus			Negotiated-Stifel Nicolaus		
Rating	Aa3			Aa2 / BQ			Aa3 / BQ			AA / BQ			AA- / BQ		
Maturity	12/1			12/1			2/1			2/1			1/1		
Callable	Callable 12/01/21 @ 100			Callable 12/01/21 @ 100			Callable 2/01/21 @ 100			Callable 12/01/19 @ 100			Callable 01/01/21 @ 100		
MATY	CPN	YLD	SPREAD	CPN	YLD	SPREAD	CPN	YLD	SPREAD	CPN	YLD	SPREAD	CPN	YLD	SPREAD
2011															
2012				2.00	1.00	+74				2.00	0.55	+28	2.00	0.65	+50
2013				2.00	1.00	+57	2.00	0.95	+52	2.00	0.70	+23	2.00	0.85	+51
2014				2.00	1.30	+65	2.50	1.22	+57	2.00	0.95	+25	2.00	1.07	+48
2015				3.00	1.60	+66	3.00	1.51	+57	2.00	1.25	+24	2.00	1.39	+53
2016				3.00	1.85	+65	3.00	1.82	+62	2.00	1.55	+22	2.00	1.72	+52
2017				3.00	2.05	+62	4.00	2.03	+60	2.00	1.80	+24	2.25	2.00	+54
2018				3.00	2.30	+63	4.00	2.30	+62	2.25	2.11	+31	2.50	2.28	+60
2019				3.50	2.55	+64	4.00	2.54	+62	2.50	2.39	+31	2.75	2.59	+62
2020				3.50	2.80	+64	4.00	2.84	+67	2.75	2.63	+32	3.00	2.83	+61
2021				3.50	2.95	+65	4.00	2.98	+67	3.00	2.75	+32	3.25	2.95	+60
2022				3.50	3.10	+65	4.00	3.18	+72	3.00	2.87	+32	3.25	3.09	+60
2023				3.50	3.25	+66	4.00	3.32	+72	3.00	3.00	+31	3.25	3.21	+58
2024				3.50	3.35	+61	4.00	3.46	+71	3.25	3.13	+32	3.50	3.33	+56
2025	4.00	3.48	+55				4.00	3.58	+71				3.50	3.44	+50
	To the Late MMD Scale			To the Late MMD Scale			To the Early MMD Scale			To the Early MMD Scale			To the Early MMD Scale		







# William Blair and Underwriting

- Our role as Underwriter is to take on risk by buying the issuers' bonds at competitive prices if we are unable to find purchasers for all of the bonds.

	Issuer	Sale Date	Series	Total Par Amount	Total Bonds Underwritten (% of Total Par)	Role of William Blair
	School District 67 (Golf); Cook County, IL	1/26/11	General Obligation Limited School Bonds, Series 2011	\$2,040,000	\$865,000 42%	Manager
	School District 26 (River Trails); Cook County, IL	2/10/11	General Obligation Limited Tax School Bonds, Series 2011	\$6,320,000	\$3,815,000 60%	Manager
	Community College District #512 (William Rainey Harper College); Cook County, IL	2/16/11	General Obligation Limited Bonds, Series 2011B	\$2,925,000	\$1,275,000 44%	Manager
	Community High School District 217 (Argo); Cook County, IL	3/29/11	General Obligation Limited School Bonds, Series 2011	\$10,000,000	\$5,555,000 56%	Manager

# William Blair and Underwriting

	Issuer	Sale Date	Series	Total Par Amount	Total Bonds Underwritten (% of Total Par)	Role of William Blair
	Community High School District 120 (Mundelein); Lake County, IL	5/24/11	General Obligation Limited Tax School Bonds, Series 2011	\$10,000,000	\$5,980,000 60%	Manager
	Township High School District 206 (Bloom), Cook and Will Counties, IL	6/29/11	General Obligation Limited Tax School Bonds, Series 2011	\$10,000,000	\$135,000 1%	Manager
	Community High School District 117 (Antioch and Lake Villa), Cook and Will Counties, IL	12/15/11	Taxable General Obligation Limited Tax School Bonds, Series 2011	\$2,500,000	\$755,000 30%	Manager
	Community Consolidated School District 157-C; (Frankfort) Will and Cook Counties, IL	12/15/11	General Obligation Refunding School Bonds, Series 2011	\$1,655,000	\$1,575,000 95%	Manager

## Top 10 Senior Managing Underwriters of Illinois School Districts - 2011

Managing Underwriter	Rank	Principal Amount (mm)	Market Share	No. of Issues
Jefferies & Co.	1	\$402.41	16.87%	1
<b>William Blair &amp; Company</b>	<b>2</b>	<b>229.38</b>	<b>9.62</b>	<b>21</b>
Robert W. Baird & Co. Inc.	3	206.64	8.66	8
J.P. Morgan Securities	4	185.10	7.76	2
Stifel Nicolaus	5	168.11	7.05	15
Goldman Sachs	6	164.44	6.90	2
First Midstate	7	157.44	6.60	83
Barclays Capital	8	122.65	5.14	2
Raymond James	9	121.17	5.08	7
Hutchison Shockey	10	116.74	4.89	10

Source: Ipreo, January 2012

# Notice and Disclaimer

The accompanying information was obtained from sources which William Blair & Company, L.L.C. believes to be reliable but does not guarantee its accuracy and completeness.

The material has been prepared solely for informational purposes and is not a solicitation of an offer to buy or sell any security or instrument or to participate in any trading strategy.

Historical data is not an indication of future results.

The opinions expressed are our own unless otherwise stated.

Per Rule G-23 we are providing the information contained in this proposal for discussion purposes in anticipation of serving as an underwriter . In our capacity as underwriter, our primary role will be to purchase the Bonds as a principal in a commercial, arms' length transaction and we will have financial and other interests that differ from yours. We will not be acting as a municipal advisor, financial advisor or fiduciary.

Additional information is available upon request.

Please contact us for further information:

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**Millburn School District 24, Lake County, IL**  
**Proposed Financing Schedule**  
**\$6,000,000\* General Obligation Refunding Bonds, Series 2012**

January 2012							February 2012							March 2012						
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7	5	6	7	8	9	10	11	4	5	6	7	8	9	10
8	9	10	11	12	13	14	12	13	14	15	16	17	18	11	12	13	14	15	16	17
15	16	17	18	19	20	21	19	20	21	22	23	24	25	18	19	20	21	22	23	24
22	23	24	25	26	27	28	26	27	28	29				25	26	27	28	29	30	31
29	30	31																		

<u>Date</u>	<u>Activity</u>	<u>Responsibility</u>	<u>Status</u>
30-Jan-12	District receives refunding resolution and escrow agreement in Board packets	C & C	
<b>6-Feb-12 Regular Meeting</b>	Board <i>reviews</i> parameters refunding resolution and escrow agreement	WBC/District	
Week of February 13	Due diligence call with bond rating agencies	District/WBC	
<b>22-Feb-12 Regular Meeting</b>	Board approves parameters refunding resolution and escrow agreement	WBC/District	
23-Feb-12	Distribute Preliminary Official Statement to all Parties for Review	WBC	
24-Feb-12	Mail POS to potential investors	District/WBC	
<b>Week of March 5th</b>	Price refunding bonds with approval of Board Delegates	WBC/District	
4-Mar-12 Ongoing	Process documentation	All Parties	
14-Mar-12	Mail Final Official Statement & Closing Memo	WBC	
18-Mar-12	Close refunding bond issue	All parties	
<b>Bond Counsel, Disclosure Counsel, Chapman and Cutler</b> <b>William Blair &amp; Company, Underwriter</b> <b>Millburn SD 24, Lake County, IL</b>		<b>C &amp; C</b> <b>WBC</b> <b>District</b>	

\* Preliminary, subject to change.

MINUTES of a regular public meeting of the Board of Education of Community Consolidated School District Number 24, Lake County, Illinois, held at Millburn Central School, 18550 Millburn Road, Wadsworth, Illinois, in said School District at 7:00 o'clock P.M., on the 22nd day of February, 2012.

\* \* \*

The meeting was called to order by the President, and upon the roll being called, Robert Reding, the President, and the following members were physically present at said location: \_\_\_\_\_

\_\_\_\_\_

The following members were allowed by a majority of the members of the Board of Education in accordance with and to the extent allowed by rules adopted by the Board of Education to attend the meeting by video or audio conference: \_\_\_\_\_

\_\_\_\_\_

No member was not permitted to attend the meeting by video or audio conference.

The following members were absent and did not participate in the meeting in any manner or to any extent whatsoever: \_\_\_\_\_

\_\_\_\_\_

The President announced that proceeds of the District's General Obligation Refunding School Bonds, Series 2012, would be used to refund outstanding bonds of the District and in connection therewith, it would be necessary for the District to enter into an escrow agreement with Amalgamated Bank of Chicago, Chicago, Illinois, and that the Board of Education would consider the adoption of a resolution authorizing and directing the execution of such escrow agreement.

Whereupon Member \_\_\_\_\_ presented and the Secretary read by title a resolution as follows, a copy of which was provided to each member of the Board of Education prior to said meeting and to everyone in attendance at said meeting who requested a copy:

RESOLUTION authorizing and directing the execution of an Escrow Agreement in connection with the issue of General Obligation Refunding School Bonds, Series 2012, of Community Consolidated School District Number 24, Lake County, Illinois.

\* \* \*

WHEREAS, Community Consolidated School District Number 24, Lake County, Illinois (the “*District*”), has provided by resolution adopted by the Board of Education of the District (the “*Board*”) on the 22nd day of February, 2012, for the issuance of General Obligation Refunding School Bonds, Series 2012 (the “*Bonds*”); and

WHEREAS, proceeds of the Bonds will be used to refund in advance of maturity certain bonds of the District described more particularly in the form of escrow agreement set forth herein (the “*Refunded Bonds*”); and

WHEREAS, in order to properly provide for the refunding of the Refunded Bonds, it will be necessary to place proceeds of the Bonds, together with certain funds of the District on hand and legally available for such purpose, in trust with an escrow agent to be invested by such escrow agent, on behalf of the District, in direct obligations of or obligations guaranteed by the full faith and credit of the United States of America, the principal of and interest on which will be sufficient, when added to such beginning demand deposit with the escrow agent as may be necessary, to pay the principal of and interest on the Refunded Bonds when due and upon redemption prior to maturity; and

WHEREAS, in accordance with the terms of the Refunded Bonds, the Refunded Bonds may be called for redemption in advance of their maturity, and it is necessary and desirable to make such call for the redemption of the Refunded Bonds on their earliest possible call date, and provide for the giving of proper notice to the registered owners of the Refunded Bonds; and

WHEREAS, it is necessary that the Board authorize the form of escrow agreement with an escrow agent and direct the execution of such escrow agreement by officers of the District:



NOW, THEREFORE, Be It and It Is Hereby Resolved by the Board of Education of Community Consolidated School District Number 24, Lake County, Illinois, as follows:

*Section 1. Incorporation of Preambles.* The Board hereby finds that all of the recitals contained in the preambles to this Resolution are full, true and correct and does incorporate them into this Resolution by this reference.

*Section 2. Definitions.* The words and terms used in this Resolution shall have the definitions set forth for them in the form of escrow agreement provided herein, unless the context or use of same shall clearly indicate that another meaning is intended.

*Section 3. The Funding of the Escrow.* As provided in the Bond Resolution, so much of the proceeds of the Bonds as therein appropriated, together with such further amounts as may be necessary from the general funds of the District, shall be used to acquire the Government Securities and to provide a beginning cash deposit and so provide for the payment of all interest on and all principal of the Refunded Bonds when due and upon redemption prior to maturity. Such proceeds and general funds of the District will be deposited in trust in the Escrow Account with the Escrow Agent, as provided in this Resolution. The amount of the proceeds of the Bonds (within the amount appropriated in the Bond Resolution) and the amount of funds of the District on hand and legally available which are necessary to be deposited in the Escrow Account shall be conclusively established under the terms of the Agreement, which will be executed by designated officers of the District, and such officers are hereby authorized to make such determination.

*Section 4. Call of the Refunded Bonds.* In accordance with the redemption provisions of the resolution authorizing the issuance of the Refunded Bonds, the District by the Board does hereby make provision for the payment of and does hereby call (subject only to the delivery of

the Bonds) the Refunded Bonds for redemption on their earliest practicable redemption date, all as provided by the terms of the Escrow Agreement.

*Section 5. Form and Authorization of Agreement.* The Agreement and all the terms thereof, in the form provided hereby, are hereby approved, and the President and Secretary of the Board are hereby authorized and directed to execute the Agreement in the name of the District. The Agreement shall be in substantially the following form:

**ESCROW AGREEMENT**

This Escrow Agreement, dated as of \_\_\_\_\_, 2012, but actually executed on the date witnessed hereinbelow, by and between Community Consolidated School District Number 24, Lake County, Illinois (the “*District*”), and Amalgamated Bank of Chicago, a national banking association having trust powers, organized and operating under the laws of the United States of America, located in Chicago, Illinois (the “*Escrow Agent*”), in consideration of the mutual promises and agreements herein set forth:

**WITNESSETH:**

**ARTICLE I**

**DEFINITIONS**

The following words and terms used in this Agreement shall have the following meanings unless the context or use clearly indicates another or different meaning:

*Section 1.01.* “*Agreement*” means this Agreement between the District and the Escrow Agent.

*Section 1.02.* “*Board*” means the Board of Education of the District.

*Section 1.03.* “*Bonds*” means the \$\_\_\_\_\_ General Obligation Refunding School Bonds, Series 2012, dated \_\_\_\_\_, 2012, authorized to be issued by the Bond Resolution.

*Section 1.04.* “*Bond Resolution*” means the resolution adopted on the 22nd day of February, 2012, by the Board entitled:

RESOLUTION providing for the issue of not to exceed \$6,250,000 General Obligation Refunding School Bonds of Community Consolidated School District Number 24, Lake County, Illinois, and for the levy of a direct annual tax sufficient to pay the principal and interest on said bonds.

authorizing the issuance of the Bonds.

*Section 1.05.* “Code” means Section 148 of the Internal Revenue Code of 1986, and all lawful regulations promulgated thereunder.

*Section 1.06.* “District” means Community Consolidated School District Number 24, Lake County, Illinois.

*Section 1.07.* “Escrow Account” means the trust account established under this Agreement by the deposit of the Government Securities and the beginning cash.

*Section 1.08.* “Escrow Agent” means Amalgamated Bank of Chicago, a national banking association having trust powers, organized and operating under the laws of the United States of America, located in Chicago, Illinois, not individually but in the capacity for the uses and purposes hereinafter mentioned, or any successor thereto.

*Section 1.09.* “Government Securities” means the non-callable direct obligations of or non-callable obligations guaranteed by the full faith and credit of the United States of America as to principal and interest deposited hereunder as more particularly described in *Exhibit A* to this Agreement.

*Section 1.10.* “Paying Agent” means Amalgamated Bank of Chicago, Chicago, Illinois, and any successor thereto.

*Section 1.11.* “Refunded Bonds” means the outstanding bonds of the District as follows:

\$5,620,000 General Obligation School Bonds, Series 2004, dated May 1, 2004, being a portion of the bonds outstanding from an issue in the original principal amount of \$15,984,546.75, fully registered and without coupons, due serially on January 1 of the years and in the amounts and bearing interest at the rates per annum as follows:

YEAR OF MATURITY	PRINCIPAL AMOUNT	RATE OF INTEREST
2019	\$1,995,000	5.00%
2020	3,625,000	5.00%

*Section 1.12.* “*Treasurer*” means the School Treasurer who receives the taxes of the District.

## ARTICLE II

### CREATION OF ESCROW

*Section 2.01.* The District by the Bond Resolution has authorized the issue and delivery of the Bonds, proceeds of which, together with certain funds of the District on hand and legally available for such purpose, are to be used to refund the Refunded Bonds by the deposit on demand and to purchase on behalf of the District the Government Securities. Such deposit and securities will provide all moneys necessary to pay the principal of and interest on the Refunded Bonds when due and upon redemption prior to maturity.

*Section 2.02.* The District deposits \$\_\_\_\_\_ from the proceeds of the Bonds, \$-0- from the proceeds of the Refunded Bonds and \$-0- from funds on hand and legally available for the purchase of the Government Securities and the funding of a beginning cash escrow deposit on demand in the amount of \$\_\_\_\_\_. The beginning deposit and the Government Securities are held in an irrevocable trust fund account for the District to the benefit of the holders of the Refunded Bonds to pay the principal of and interest on the Refunded Bonds when due and upon redemption prior to maturity.

*Section 2.03.* The Escrow Agent and the District have each received the report of Causey Demgen & Moore Inc., Certified Public Accountants, Denver, Colorado, attached hereto as *Exhibit B* (the “*Verification Report*”), that the principal of and income and profit to be received from the Government Securities, when paid at maturity, and the cash held in accordance with Section 2.02 hereof, will be sufficient, at all times pending the final payment of the Refunded Bonds, to pay all interest on and all principal of the Refunded Bonds when due and upon redemption prior to maturity as evidenced by said Report.

## ARTICLE III

### COVENANTS OF ESCROW AGENT

The Escrow Agent covenants and agrees with the District as follows:

*Section 3.01.* The Escrow Agent will hold the Government Securities and all interest income or profit derived therefrom and all uninvested cash in an irrevocable segregated and separate trust fund account for the sole and exclusive benefit of the holders of the Refunded Bonds until final payment thereof.

*Section 3.02.* The beginning cash escrow deposit shall not be invested by the Escrow Agent. Otherwise, the Escrow Agent will reinvest all available uninvested balances (rounded to an even \$100) in the Escrow Account on deposit from time to time, whenever said balances exceed \$1,000, and acknowledges that the schedule of amounts available for reinvestment appears in the cash flow tables in the Verification Report. Investments so made shall be in direct obligations of or obligations guaranteed by the full faith and credit of the United States of America and shall be scheduled to mature on or prior to the next succeeding interest payment date on the Refunded Bonds on which such proceeds will be needed to pay the principal of or interest on the Refunded Bonds. Such investments shall, to the extent possible, be in zero-yield obligations issued directly by the Bureau of Public Debt of the United States Treasury (currently designated “*U.S. Treasury Securities—State and Local Government Series Certificates of Indebtedness, Notes or Bonds*”) (“*SLGS*”). Such investments shall be made only to the extent permitted by, and shall be made in accordance with, the applicable statutes, rules and regulations governing such investments issued by the Bureau of Public Debt. The Escrow Agent expressly recognizes that under current regulations all SLGS must be subscribed for not less than 5 days nor more than 60 days prior to date of issuance.

If the Department of the Treasury (or the Bureau of Public Debt) of the United States suspends the sale of SLGS causing the Escrow Agent to be unable to purchase SLGS, then the

Escrow Agent will take the following actions. On the date it would have purchased SLGS had it been able to do so, the Escrow Agent will purchase direct obligations of or obligations guaranteed by the full faith and credit of the United States maturing no more than 90 days after the date of purchase (the “*Alternate Investment*”). The purchase price of the Alternate Investment shall be as close as possible to the principal amount of the SLGS that would have been purchased on such date if they had been available for purchase. The Escrow Agent will purchase each Alternate Investment at a price no higher than the fair market value of the Alternate Investment and will maintain records demonstrating compliance with this requirement. On the maturity of each Alternate Investment, the Escrow Agent shall pay the difference between the total of the receipts on the Alternate Investment and the purchase price of the Alternate Investment to the District with a notice to the District that such amount must be paid to the Internal Revenue Service pursuant to Rev. Proc. 95-47 or successor provisions including any finalized version of Prop. Treas. Reg. Section 1.148-5(c). If the Alternate Investment matures more than 14 days prior to the next succeeding interest payment date on the Refunded Bonds on which such proceeds will be needed to pay principal of or interest on the Refunded Bonds, the Escrow Agent shall treat such amounts as an uninvested balance available for reinvestment and shall take all reasonable steps to invest such amounts in SLGS (or additional Alternate Investments as provided in this Section).

The Escrow Agent shall hold balances not so invested in the Escrow Account on demand and in trust for the purposes hereof and shall secure same in accordance with applicable Illinois law for the securing of public funds.

*Section 3.03.* The Escrow Agent will take no action in the investment or securing of the proceeds of the Government Securities which would cause the Bonds to be classified as “arbitrage bonds” under the Code, *provided*, it shall be under no duty to affirmatively inquire

whether the Government Securities as deposited are properly invested under the Code; and, *provided, further*, it may rely on all specific directions in this Agreement in the investment or reinvestment of balances held hereunder.

*Section 3.04.* The Escrow Agent will promptly collect the principal, interest or profit from the Government Securities and promptly apply the same as necessary to the payment of principal and interest on the Refunded Bonds when due and upon redemption prior to maturity as herein provided.

*Section 3.05.* The Escrow Agent will remit to the Paying Agent, in good funds on or before each principal or interest payment or redemption date on the Refunded Bonds, moneys sufficient to pay such principal, interest or redemption price as will meet the requirements for the retirement of the Refunded Bonds, and such remittances shall fully release and discharge the Escrow Agent from any further duty or obligation thereto under this Agreement.

*Section 3.06.* The Escrow Agent will make no payment of fees, charges or expenses due or to become due, of the Paying Agent or the bond registrar and paying agent on the Bonds, and the District either paid such fees, charges and expenses in advance as set forth in Section 3.07 hereof or covenants to pay the same as they become due.

*Section 3.07.* The charges, fees and expenses of the Escrow Agent (other than any charges, fees and expenses incurred pursuant to Section 3.08 hereof) have been paid in advance, and all charges, fees or expenses of the Escrow Agent in carrying out any of the duties, terms or provisions of this Agreement shall be paid solely therefrom. The Escrow Agent is also providing bond registrar and paying agent services for the Bonds, and the acceptance fee and first annual fee of the Escrow Agent for such bond registrar and paying agent services have been paid in advance, and all remaining charges, fees or expenses of the Escrow Agent for such services shall be paid by the District upon receipt of invoices therefor.



*Section 3.08.* The District has called the Refunded Bonds for redemption and payment prior to maturity on \_\_\_\_\_, 2012. The Escrow Agent will cause the Paying Agent to provide for and give timely notice of the call for redemption of the Refunded Bonds. In the event the Escrow Agent determines that the Paying Agent will not give such timely notice, the Escrow Agent will give such notice. The form and time of the giving of such notice regarding the Refunded Bonds shall be as specified in the resolution authorizing the issuance of the Refunded Bonds. The District shall reimburse the Escrow Agent for any actual out of pocket expenses incurred in the giving of such notice, but the failure of the District to make such payment shall not in any respect whatsoever relieve the Escrow Agent from carrying out any of the duties, terms or provisions of this Agreement.

The Escrow Agent shall also give notice of the call of the Refunded Bonds, on or before the date the notice of such redemption is given to the holders of the Refunded Bonds, to the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. Information with respect to procedures for submitting notice can be found at <https://msrb.org>.

*Section 3.09.* The Escrow Agent has all the powers and duties herein set forth with no liability in connection with any act or omission to act hereunder, except for its own negligence or willful breach of trust, and shall be under no obligation to institute any suit or action or other proceeding under this Agreement or to enter any appearance in any suit, action or proceeding in which it may be defendant or to take any steps in the enforcement of its, or any, rights and powers hereunder, nor shall be deemed to have failed to take any such action, unless and until it shall have been indemnified by the District to its satisfaction against any and all costs and

expenses, outlays, counsel fees and other disbursements, including its own reasonable fees, and if any judgment, decree or recovery be obtained by the Escrow Agent, payment of all sums due it, as aforesaid, shall be a first charge against the amount of any such judgment, decree or recovery.

*Section 3.10.* The Escrow Agent may in good faith buy, sell or hold and deal in any of the Bonds or the Refunded Bonds.

*Section 3.11.* The Escrow Agent will submit to the Treasurer a statement within forty-five (45) days after January 2 and July 2 of each calendar year, commencing \_\_\_\_\_ 2, 20\_\_, itemizing all moneys received by it and all payments made by it under the provisions of this Agreement during the preceding six (6) month period (or, for the first period, from the date of delivery of the Bonds to \_\_\_\_\_ 2, 20\_\_), and also listing the Government Securities on deposit therewith on the date of said report, including all moneys held by it received as interest on or profit from the collection of the Government Securities.

*Section 3.12.* If at any time it shall appear to the Escrow Agent that the available proceeds of the Government Securities and deposits on demand in the Escrow Account will not be sufficient to make any payment due to the holders of any of the Refunded Bonds, the Escrow Agent shall notify the Treasurer and the Board, not less than five (5) days prior to such date, and the District agrees that it will from any funds legally available for such purpose make up the anticipated deficit so that no default in the making of any such payment will occur.

#### **ARTICLE IV**

##### **COVENANTS OF DISTRICT**

The District covenants and agrees with the Escrow Agent as follows:

*Section 4.01.* The Escrow Agent shall have no responsibility or liability whatsoever for (a) any of the recitals of the District herein, (b) the performance of or compliance with any

covenant, condition, term or provision of the Bond Resolution, and (c) any undertaking or statement of the District hereunder or under the Bond Resolution.

*Section 4.02.* All payments to be made by, and all acts and duties required to be done by, the Escrow Agent under the terms and provisions of this Agreement, shall be made and done by the Escrow Agent without any further direction or authority of the District or the Treasurer.

*Section 4.03.* The District will take no action regarding the proceeds of the Bonds which would cause the Bonds to be classified as “arbitrage bonds” under the Code, and the District will take any and all further action necessary to ensure that adequate provision is made for the payment of the Refunded Bonds and that neither the Refunded Bonds nor the Bonds are classified as “arbitrage bonds” under the Code.

## **ARTICLE V**

### **AMENDMENTS, REINVESTMENT OF FUNDS, IRREVOCABILITY OF AGREEMENT**

*Section 5.01.* Except as provided in Section 5.04 hereof, all of the rights, powers, duties and obligations of the Escrow Agent hereunder shall be irrevocable and shall not be subject to amendment by the Escrow Agent and shall be binding on any successor to the Escrow Agent during the term of this Agreement.

*Section 5.02.* Except as provided in Section 5.04 hereof, all of the rights, powers, duties and obligations of the District hereunder shall be irrevocable and shall not be subject to amendment by the District and shall be binding on any successor to the officials now comprising the Board during the term of this Agreement.

*Section 5.03.* Except as provided in Section 5.04 hereof, all of the rights, powers, duties and obligations of the Treasurer hereunder shall be irrevocable and shall not be subject to amendment by the Treasurer and shall be binding on any successor to said official now in office during the term of this Agreement.

*Section 5.04.* This Agreement may be amended or supplemented, and the Government Securities or any portion thereof may be sold, redeemed, invested or reinvested, in any manner provided (any such amendment, supplement, or direction to sell, redeem, invest or reinvest to be referred to as a “*Subsequent Action*”), upon submission to the Escrow Agent of each of the following:

(1) Certified copy of proceedings of the Board authorizing the Subsequent Action and copy of the document effecting the Subsequent Action signed by duly designated officers of the District.

(2) An opinion of nationally recognized bond counsel or tax counsel nationally recognized as having an expertise in the area of tax-exempt municipal bonds that the Subsequent Action has been duly authorized by the Board and will not adversely affect the tax-exempt status of the interest on the Bonds or the Refunded Bonds nor violate the covenants of the District not to cause the Bonds or the Refunded Bonds to become “arbitrage bonds” under the Code, and that the Subsequent Action does not materially adversely affect the legal rights of the holders of the Bonds and the Refunded Bonds.

(3) An opinion of a firm of nationally recognized independent certified public accountants or consultants nationally recognized as having an expertise in the area of refunding escrows that the amounts (which will consist of cash or deposits on demand held in trust or receipts from non-callable direct obligations of or non-callable obligations guaranteed by the full faith and credit of the United States of America, all of which shall be held hereunder) available or to be available for payment of the Refunded Bonds will remain sufficient to pay when due all principal and interest on the Refunded Bonds after the taking of the Subsequent Action.

## **ARTICLE VI**

### **MERGER, CONSOLIDATION OR RESIGNATION OF ESCROW AGENT**

Any banking association or corporation into which the Escrow Agent may be merged, converted or with which the Escrow Agent may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any banking association or corporation to which all or substantially all of the corporate trust business of the Escrow Agent shall be transferred, shall succeed to all the Escrow Agent's rights, obligations and immunities hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. The Escrow Agent may at any time resign as Escrow Agent under this Agreement by giving 30 days' written notice to the District, and such resignation shall take effect upon the appointment of a successor Escrow Agent by the District. The District may select as successor Escrow Agent any financial institution with capital, surplus and undivided profits of at least \$75,000,000 and having a corporate trust office within the State of Illinois, and which is authorized to maintain trust accounts for municipal corporations in Illinois under applicable law.

## **ARTICLE VII**

### **NOTICES TO THE DISTRICT, THE TREASURER AND THE ESCROW AGENT**

*Section 7.01.* All notices and communications to the District and the Board shall be addressed in writing to: Board of Education, Millburn Community Consolidated School District Number 24, 18550 Millburn Road, Wadsworth, Illinois 60083.

*Section 7.02.* All notices and communications to the Treasurer shall be addressed in writing to: School Treasurer, Millburn Community Consolidated School District Number 24, 18550 Millburn Road, Wadsworth, Illinois 60083.

*Section 7.03.* All notices and communications to the Escrow Agent shall be addressed in writing to: Corporate Trust Department, Amalgamated Bank of Chicago, One West Monroe Street, Chicago, Illinois 60603.

## **ARTICLE VIII**

### **TERMINATION OF AGREEMENT**

*Section 8.01.* That, upon final disbursement of funds sufficient to pay the principal and interest of the Refunded Bonds as hereinabove provided for, the Escrow Agent will transfer any balance remaining in the Escrow Account to the Treasurer with due notice thereof mailed to the Board, and thereupon this Agreement shall terminate.

IN WITNESS WHEREOF, Community Consolidated School District Number 24, Lake County, Illinois, has caused this Agreement to be signed in its name by the President of the Board and to be attested by the Secretary of the Board; and Amalgamated Bank of Chicago, Chicago, Illinois, not individually, but in the capacity as hereinabove described, has caused this Agreement to be signed in its corporate name by one of its officers and attested by one of its officers under its corporate seal hereunto affixed, all as of the \_\_\_\_ day of \_\_\_\_\_, 2012.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT  
NUMBER 24, LAKE COUNTY, ILLINOIS

By \_\_\_\_\_  
President, Board of Education

Attest:

\_\_\_\_\_  
Secretary, Board of Education

AMALGAMATED BANK OF CHICAGO  
Chicago, Illinois

By \_\_\_\_\_  
Its \_\_\_\_\_

Attest:

\_\_\_\_\_  
Its \_\_\_\_\_

[BANK SEAL]

This Escrow Agreement received and acknowledged by me this \_\_\_\_ day of \_\_\_\_\_, 2012.

\_\_\_\_\_  
School Treasurer

**EXHIBIT A**

**GOVERNMENT SECURITIES**



*Section 5. Purchase of the Government Securities.* William Blair & Company, L.L.C., Chicago, Illinois, and the Escrow Agent be and the same are each hereby authorized to act as agent for the District in the purchase of the Government Securities described and set forth in the Agreement.

*Section 6. Severability.* If any section, paragraph, clause or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

*Section 7. Repeal.* All resolutions or parts thereof in conflict herewith be and the same are hereby repealed, and this Resolution shall be in full force and effect forthwith upon its adoption.

Adopted February 22, 2012.

---

President, Board of Education

---

Secretary, Board of Education

Member \_\_\_\_\_ moved and Member \_\_\_\_\_ seconded the motion that said resolution as presented and read by title be adopted.

After a full and complete discussion thereof, the President directed that the roll be called for a vote upon the motion to adopt said resolution.

Upon the roll being called, the following members voted AYE: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The following members voted NAY: \_\_\_\_\_

Whereupon the President declared the motion carried and the resolution adopted, approved and signed the same in open meeting and directed the Secretary to record the same in full in the records of the Board of Education of Community Consolidated School District Number 24, Lake County, Illinois, which was done.

Other business not pertinent to the adoption of said resolution was duly transacted at the meeting.

Upon motion duly made, seconded and carried, the meeting was adjourned.

\_\_\_\_\_  
Secretary, Board of Education

STATE OF ILLINOIS     )  
  ) SS  
COUNTY OF LAKE        )

**CERTIFICATION OF MINUTES AND RESOLUTION**

I, the undersigned, do hereby certify that I am the duly qualified and acting Secretary of the Board of Education of Community Consolidated School District Number 24, Lake County, Illinois (the “Board”), and as such official I am the keeper of the records and files of the Board.

I do further certify that the foregoing constitutes a full, true and complete transcript of the minutes of the meeting of the Board held on the 22nd day of February, 2012, insofar as same relates to the adoption of a resolution entitled:

RESOLUTION authorizing and directing the execution of an Escrow Agreement in connection with the issue of General Obligation Refunding School Bonds, Series 2012, of Community Consolidated School District Number 24, Lake County, Illinois.

a true, correct and complete copy of which said resolution as adopted at said meeting appears in the foregoing transcript of the minutes of said meeting.

I do further certify that the deliberations of the Board on the adoption of said resolution were conducted openly, that the vote on the adoption of said resolution was taken openly, that said meeting was called and held at a specified time and place convenient to the public, that notice of said meeting was duly given to all of the news media requesting such notice, that an agenda for said meeting was posted at the location where said meeting was held and at the principal office of the Board at least 96 hours in advance of the holding of said meeting, that said meeting was called and held in strict compliance with the provisions of the Open Meetings Act of the State of Illinois, as amended, and with the provisions of the School Code of the State of Illinois, as amended, and that the Board has complied with all of the provisions of said Act and said Code and with all of the procedural rules of the Board in the conduct of said meeting and in the adoption of said resolution.

IN WITNESS WHEREOF, I hereunto affix my official signature, this 22nd day of February, 2012.

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Secretary, Board of Education

MINUTES of a regular public meeting of the Board of Education of Community Consolidated School District Number 24, Lake County, Illinois, held at Millburn Central School, 18550 Millburn Road, Wadsworth, Illinois, in said School District at 7:00 o'clock P.M., on the 22nd day of February, 2012.

\* \* \*

The meeting was called to order by the President, and upon the roll being called, Robert Reding, the President, and the following members were physically present at said location: \_\_\_\_\_  
\_\_\_\_\_

The following members were allowed by a majority of the members of the Board of Education in accordance with and to the extent allowed by rules adopted by the Board of Education to attend the meeting by video or audio conference: \_\_\_\_\_  
\_\_\_\_\_

No member was not permitted to attend the meeting by video or audio conference.

The following members were absent and did not participate in the meeting in any manner or to any extent whatsoever: \_\_\_\_\_  
\_\_\_\_\_

The President announced that the Board of Education would consider the adoption of a resolution providing for the issue of the District's general obligation refunding bonds to be issued by the District pursuant to Article 19 of the School Code and the levy of a direct annual tax sufficient to pay the principal and interest thereon.

Whereupon Member \_\_\_\_\_ presented and the Secretary read by title a resolution as follows, a copy of which was provided to each member of the Board of Education prior to said meeting and to everyone in attendance at said meeting who requested a copy:

RESOLUTION providing for the issue of not to exceed \$6,250,000 General Obligation Refunding School Bonds, Series 2012, of Community Consolidated School District Number 24, Lake County, Illinois, and for the levy of a direct annual tax sufficient to pay the principal and interest on said bonds.

\* \* \*

WHEREAS, Community Consolidated School District Number 24, Lake County, Illinois (the “*District*”), has outstanding General Obligation School Bonds, Series 2004, dated May 1, 2004 (the “*Prior Bonds*”); and

WHEREAS, it is necessary and desirable to refund a portion of the Prior Bonds (said portion of the Prior Bonds to be refunded being referred to herein as the “*Refunded Bonds*”) in order to restructure the debt burden of the District; and

WHEREAS, the Refunded Bonds shall be fully described in the Escrow Agreement referred to in Section 12 hereof and are presently outstanding and unpaid and are binding and subsisting legal obligations of the District; and

WHEREAS, the Board of Education of the District (the “*Board*”) has determined that in order to refund the Refunded Bonds, it is necessary and in the best interests of the District to borrow an amount not to exceed \$6,250,000 and issue bonds of the District therefor; and

WHEREAS, the bonds to be issued hereunder shall be payable from a direct annual ad valorem tax levied against all taxable property in the District, without limitation as to rate or amount; and

WHEREAS, the Property Tax Extension Limitation Law of the State of Illinois, as amended (the “*PTELL*”), imposes certain limitations on the “*aggregate extension*” of certain property taxes levied by the District, but provides that the definition of “*aggregate extension*” applicable to the District contained in Section 18-185 of the Property Tax Code of the State of Illinois, as amended, does not include extensions “made for any taxing district to pay interest or

principal on bonds issued to refund or continue to refund bonds issued after March 1, 1995 that were approved by referendum”; and

WHEREAS, the Board does hereby find and determine that the Prior Bonds were issued after March 1, 1995, and were approved by referendum; and

WHEREAS, the County Clerk of The County of Lake, Illinois (the “*County Clerk*”), are therefore authorized to extend and collect said tax so levied for the payment of the bonds to be issued hereunder without limitation as to rate or amount:

NOW, THEREFORE, Be It and It Is Hereby Resolved by the Board of Education of Community Consolidated School District Number 24, Lake County, Illinois, as follows:

*Section 1. Incorporation of Preambles.* The Board hereby finds that all of the recitals contained in the preambles to this Resolution are full, true and correct and does incorporate them into this Resolution by this reference.

*Section 2. Authorization.* It is hereby found and determined that the Board has been authorized by law to borrow an amount not to exceed \$6,250,000 upon the credit of the District and as evidence of such indebtedness to issue bonds of the District to said amount, the proceeds of said bonds to be used to refund the Refunded Bonds, and that it is necessary and for the best interests of the District that there be issued an amount not to exceed \$6,250,000 of the bonds so authorized.

*Section 3. Bond Details.* There be borrowed on the credit of and for and on behalf of the District an amount not to exceed \$6,250,000 for the purpose aforesaid; and that bonds of the District (the “*Bonds*”) shall be issued to said amount and shall be designated “General Obligation Refunding School Bonds, Series 2012”. The Bonds shall be dated such date (not prior to February 26, 2012, and not later than August 26, 2012) as set forth in the Bond Notification (as hereinafter defined), and shall also bear the date of authentication, shall be in

fully registered form, shall be in denominations of \$5,000 each or authorized integral multiples thereof (but no single Bond shall represent installments of principal maturing on more than one date), and shall be numbered 1 and upward. The Bonds shall become due and payable serially (without option of prior redemption) on January 1 of each of the years (not later than 2020), in the amounts (not exceeding \$3,700,000 per year) and bearing interest at the rates per annum (not exceeding 5.00% per annum) as set forth in the Bond Notification. The Bonds shall bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of the Bonds is paid, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on January 1 and July 1 of each year, commencing with the first interest payment date as set forth in the Bond Notification.

Interest on each Bond shall be paid by check or draft of Amalgamated Bank of Chicago, Chicago, Illinois (the "*Bond Registrar*"), payable upon presentation in lawful money of the United States of America, to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date. The principal of the Bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of the Bond Registrar.

The Bonds shall be signed by the manual or facsimile signatures of the President and Secretary of the Board, and shall be registered, numbered and countersigned by the manual or facsimile signature of the School Treasurer who receives the taxes of the District, and in case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

All Bonds shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Bond Registrar as authenticating agent of the District

and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless and until such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Resolution. The certificate of authentication on any Bond shall be deemed to have been executed by the Bond Registrar if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

*Section 4. Registration of Bonds; Persons Treated as Owners.* (a) *General.* The District shall cause books (the “*Bond Register*”) for the registration and for the transfer of the Bonds as provided in this Resolution to be kept at the principal corporate trust office of the Bond Registrar, which is hereby constituted and appointed the registrar of the District. The District is authorized to prepare, and the Bond Registrar shall keep custody of, multiple Bond blanks executed by the District for use in the transfer and exchange of Bonds.

Upon surrender for transfer of any Bond at the principal corporate trust office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by, the registered owner or his attorney duly authorized in writing, the District shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same series and maturity of authorized denominations, for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at said office of the Bond Registrar for a like aggregate principal amount of Bond or Bonds of the same series and maturity of other authorized denominations. The execution by the District of any fully registered Bond shall constitute full and due authorization of such Bond and the Bond Registrar shall



thereby be authorized to authenticate, date and deliver such Bond, *provided, however*, the principal amount of outstanding Bonds of each series and maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less previous retirements.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the month next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bond shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but 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 any transfer or exchange of Bonds, except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

(b) *Global Book-Entry System.* The Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities of the Bonds determined as described in Section 3 hereof. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register in the name of Cede & Co., or any successor thereto ("*Cede*"), as

nominee of The Depository Trust Company, New York, New York, and its successors and assigns (“DTC”). All of the outstanding Bonds shall be registered in the Bond Register in the name of Cede, as nominee of DTC, except as hereinafter provided. The President and Secretary of the Board, the Superintendent and chief business official of the District and the Bond Registrar are each authorized to execute and deliver, on behalf of the District, such letters to or agreements with DTC as shall be necessary to effectuate such book-entry system (any such letter or agreement being referred to herein as the “*Representation Letter*”), which Representation Letter may provide for the payment of principal of or interest on the Bonds by wire transfer.

With respect to Bonds registered in the Bond Register in the name of Cede, as nominee of DTC, the District and the Bond Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which DTC holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a “*DTC Participant*”) or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the District and the Bond Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to the principal of or interest on the Bonds. The District and the Bond Registrar may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of giving notices of

redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Bond Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective registered owners of the Bonds, as shown in the Bond Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of the principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner of a Bond as shown in the Bond Register, shall receive a Bond evidencing the obligation of the District to make payments of principal and interest with respect to any Bond. Upon delivery by DTC to the Bond Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the provisions in Section 3 hereof with respect to the payment of interest to the registered owners of Bonds at the close of business on the 15th day of the month next preceding the applicable interest payment date, the name "Cede" in this resolution shall refer to such new nominee of DTC.

In the event that (i) the District determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (ii) the agreement among the District, the Bond Registrar and DTC evidenced by the Representation Letter shall be terminated for any reason or (iii) the District determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the District shall notify DTC and DTC Participants of the availability through DTC of certificated Bonds and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede, as nominee of DTC. At that time, the District may determine that the Bonds shall be registered in the name of and deposited with such other depository operating a universal book-entry system, as may be acceptable to the District, or such depository's agent or designee, and if the District does not

select such alternate universal book-entry system, then the Bonds may be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 4(a) hereof.

Notwithstanding any other provisions of this resolution to the contrary, so long as any Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the name provided in the Representation Letter.

*Section 5. Redemption.* (a) *Mandatory Redemption.* The Bonds maturing on the date or dates, if any, indicated in the Bond Notification are subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on January 1 of the years, if any, and in the principal amounts, if any, as indicated in the Bond Notification.

On or prior to the 60th day preceding any mandatory redemption date, the Bond Registrar may, and if directed by the Board shall, purchase Bonds required to be retired on such mandatory redemption date. Any such Bonds so purchased shall be cancelled and the principal amount thereof shall be credited against the mandatory redemption required on such next mandatory redemption date.

(b) *General.* The Bonds shall be redeemed only in the principal amount of \$5,000 and integral multiples thereof. For purposes of any redemption of less than all of the outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Bond Registrar from the Bonds of such maturity by such method of lottery as the Bond Registrar shall deem fair and appropriate; *provided* that such lottery shall provide for the selection for redemption of Bonds or portions thereof so that any \$5,000 Bond or \$5,000 portion of a Bond shall be as likely to be called for redemption as any other such \$5,000 Bond or

\$5,000 portion. The Bond Registrar shall make such selection upon the earlier of the irrevocable deposit of funds with an escrow agent sufficient to pay the redemption price of the Bonds to be redeemed or the time of the giving of official notice of redemption.

The Bond Registrar shall promptly notify the District in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

*Section 6. Redemption Procedure.* Unless waived by any holder of Bonds to be redeemed, notice of the call for any such redemption shall be given by the Bond Registrar on behalf of the District by mailing the redemption notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

All notices of redemption shall state:

- (1) the redemption date,
- (2) the redemption price,
- (3) if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,
- (4) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,
- (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Bond Registrar, and
- (6) such other information then required by custom, practice or industry standard.

Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered holder a new Bond or Bonds of the same maturity in the amount of the unpaid principal.

If any Bond or portion of Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption. All Bonds which have been redeemed shall be cancelled and destroyed by the Bond Registrar and shall not be reissued.

*Section 7. Form of Bond.* The Bonds shall be in substantially the following form; *provided, however,* that if the text of the Bond is to be printed in its entirety on the front side of the Bond, then paragraph [2] and the legend, “See Reverse Side for Additional Provisions”, shall be omitted and paragraph [6] and the paragraphs thereafter as may be appropriate shall be inserted immediately after paragraph [1]:

(Form of Bond - Front Side)

REGISTERED  
NO. \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

**UNITED STATES OF AMERICA**

**STATE OF ILLINOIS**

**COUNTY OF LAKE**

**COMMUNITY CONSOLIDATED SCHOOL DISTRICT NUMBER 24**

**GENERAL OBLIGATION REFUNDING SCHOOL BOND, SERIES 2012**

See Reverse Side for  
Additional Provisions

Interest                      Maturity                      Dated  
Rate: \_\_\_\_\_%      Date: January 1, 20\_\_      Date: \_\_\_\_\_, 20\_\_      CUSIP \_\_\_\_\_

Registered Owner:

Principal Amount:

[1] KNOW ALL MEN BY THESE PRESENTS, that Community Consolidated School District Number 24, Lake County, Illinois (the “*District*”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the date of this Bond or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum set forth above on January 1 and July 1 of each year, commencing \_\_\_\_\_ 1, 20\_\_, until said Principal Amount is paid. Principal of this Bond is payable in lawful money of the United States of America upon presentation and surrender hereof at the principal corporate trust office of Amalgamated Bank of Chicago, Chicago, Illinois, as bond registrar and paying agent (the “*Bond Registrar*”). Payment of the installments of interest shall be made to the Registered Owner hereof as shown on the

registration books of the District maintained by the Bond Registrar at the close of business on the 15th day of the month next preceding each interest payment date and shall be paid by check or draft of the Bond Registrar, payable upon presentation in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Bond Registrar. For the prompt payment of this Bond, both principal and interest at maturity, the full faith, credit and resources of the District are hereby irrevocably pledged.

[2] Reference is hereby made to the further provisions of this Bond set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as if set forth at this place.

[3] It is hereby certified and recited that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this Bond did exist, have happened, been done and performed in regular and due form and time as required by law; that the indebtedness of the District, including the issue of bonds of which this is one, does not exceed any limitation imposed by law; and that provision has been made for the collection of a direct annual tax sufficient to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity.

[4] This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar.



[5] IN WITNESS WHEREOF, said Community Consolidated School District Number 24, Lake County, Illinois, by its Board of Education, has caused this Bond to be signed by the manual or duly authorized facsimile signatures of the President and Secretary of said Board of Education, and to be registered, numbered and countersigned by the manual or duly authorized facsimile signature of the School Treasurer who receives the taxes of the District, all as of the Dated Date identified above.

\_\_\_\_\_  
President, Board of Education

\_\_\_\_\_  
Secretary, Board of Education

Registered, Numbered and Countersigned:

\_\_\_\_\_  
School Treasurer

Date of Authentication: \_\_\_\_\_, 20\_\_

CERTIFICATE  
OF  
AUTHENTICATION,

Bond Registrar and Paying Agent:  
Amalgamated Bank of Chicago,  
Chicago, Illinois

This Bond is one of the Bonds described in the within mentioned resolution and is one of the General Obligation Refunding School Bonds, Series 2012, of Community Consolidated School District Number 24, Lake County, Illinois.

AMALGAMATED BANK OF CHICAGO,  
as Bond Registrar

By \_\_\_\_\_  
Authorized Officer

[Form of Bond - Reverse Side]

**COMMUNITY CONSOLIDATED SCHOOL DISTRICT NUMBER 24**

**LAKE COUNTY, ILLINOIS**

**GENERAL OBLIGATION REFUNDING SCHOOL BOND, SERIES 2012**

[6] This Bond is one of a series of bonds issued by the District for the purpose of refunding certain outstanding bonds of the District, and in full compliance with the provisions of the School Code of the State of Illinois, and the Local Government Debt Reform Act of the State of Illinois, and all laws amendatory thereof and supplementary thereto, and is authorized by said Board of Education by a resolution duly and properly adopted for that purpose, in all respects as provided by law.

[7] [Mandatory redemption provisions, if any, will be set forth here.]

[8] This Bond is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing at the principal corporate trust office of the Bond Registrar in Chicago, Illinois, but only in the manner, subject to the limitations and upon payment of the charges provided in the authorizing resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations of the same series and maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

[9] The Bonds are issued in fully registered form in the denomination of \$5,000 each or authorized integral multiples thereof. This Bond may be exchanged at the principal corporate trust office of the Bond Registrar for a like aggregate principal amount of Bonds of the same series and maturity of other authorized denominations, upon the terms set forth in the authorizing resolution. The Bond Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the month next preceding any

interest payment date on such Bond and ending at the opening of business on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

[10] The District and the Bond Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the District nor the Bond Registrar shall be affected by any notice to the contrary.

**(ASSIGNMENT)**

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto \_\_\_\_\_

\_\_\_\_\_  
(Name and Address of Assignee)

the within Bond 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: \_\_\_\_\_

Signature guaranteed: \_\_\_\_\_

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 whatever.

*Section 8. Sale of Bonds.* The President of the Board and the Superintendent and Business Manager of the District (the “*Designated Representatives*”) are hereby authorized to proceed not later than the 22nd day of August, 2012, without any further authorization or direction from the Board, to sell the Bonds upon the terms as prescribed in this Resolution. The

Bonds hereby authorized shall be executed as in this Resolution provided as soon after the delivery of the Bond Notification as may be, and thereupon be deposited with the School Treasurer who receives the taxes of the District, and, after authentication thereof by the Bond Registrar, be by said Treasurer delivered to William Blair & Company, L.L.C., Chicago, Illinois, the purchaser thereof (the "*Purchaser*"), upon receipt of the purchase price therefor, the same being not less than 98% of the principal amount of the Bonds plus accrued interest to date of delivery, it being hereby found and determined that the sale of the Bonds to the Purchaser is in the best interests of the District and that no person holding any office of the District, either by election or appointment, is in any manner interested, directly or indirectly, in his own name or in the name of any other person, association, trust or corporation, in the sale of the Bonds to the Purchaser.

Prior to the sale of the Bonds, the President of the Board or the Superintendent or business official of the District is hereby authorized to approve and execute a commitment for the purchase of a Municipal Bond Insurance Policy (as hereinafter defined), to further secure the Bonds, as long as the present value of the fee to be paid for the Municipal Bond Insurance Policy (using as a discount rate the expected yield on the Bonds treating the fee paid as interest on the Bonds) is less than the present value of the interest reasonably expected to be saved on the Bonds over the term of the Bonds as a result of the Municipal Bond Insurance Policy.

Upon the sale of the Bonds, the Designated Representatives shall prepare a Notification of Sale of the Bonds, which shall include the pertinent details of sale as provided herein (the "*Bond Notification*"). In the Bond Notification, the Designated Representatives shall find and determine that the Bonds have been sold at such price and bear interest at such rates that either the true interest cost (yield) or the net interest rate received upon the sale of the Bonds does not exceed the maximum rate otherwise authorized by applicable law and that the net present value

debt service savings to the District as a result of the issuance of the Bonds and the refunding of the Refunded Bonds is not less than 3.0% of the principal amount of the Refunded Bonds. The Bond Notification shall be entered into the records of the District and made available to the Board at the next regular meeting thereof; but such action shall be for information purposes only, and the Board shall have no right or authority at such time to approve or reject such sale as evidenced in the Bond Notification.

Upon the sale of the Bonds, as evidenced by the execution and delivery of the Bond Notification by the Designated Representatives, the President and Secretary of the Board and the School Treasurer who receives the taxes of the District and any other officers of the District, as shall be appropriate, shall be and are hereby authorized and directed to approve or execute, or both, such documents of sale of the Bonds as may be necessary, including, without limitation, the contract for the sale of the Bonds between the District and the Purchaser (the "*Purchase Contract*"). Prior to the execution and delivery of the Purchase Contract, the Designated Representatives shall find and determine that no person holding any office of the District, either by election or appointment, is in any manner interested, directly or indirectly, in his own name or in the name of any other person, association, trust or corporation, in the Purchase Contract.

The Bonds before being issued shall be registered, numbered and countersigned by the School Treasurer who receives the taxes of the District, such registration being made in a book provided for that purpose, in which shall be entered the record of the resolution authorizing the Board to borrow said money and a description of the Bonds issued, including the number, date, to whom issued, amount, rate of interest and when due.

The use by the Purchaser of any Preliminary Official Statement and any final Official Statement relating to the Bonds (the "*Official Statement*") is hereby ratified, approved and authorized; the execution and delivery of the Official Statement is hereby authorized; and the

officers of the Board are hereby authorized to take any action as may be required on the part of the District to consummate the transactions contemplated by the Purchase Contract, this Resolution, said Preliminary Official Statement, the Official Statement and the Bonds.

*Section 9. Tax Levy.* In order to provide for the collection of a direct annual tax sufficient to pay the interest on the Bonds as it falls due, and also to pay and discharge the principal thereof at maturity, there be and there is hereby levied upon all the taxable property within the District a direct annual tax for each of the years while the Bonds or any of them are outstanding, in amounts sufficient for that purpose, and that there be and there is hereby levied upon all of the taxable property in the District, the following direct annual tax, to-wit:

FOR THE YEAR	A TAX SUFFICIENT TO PRODUCE THE SUM OF:	
2012	\$ 281,000	for interest and principal up to and including January 1, 2014
2013	281,000	for interest and principal
2014	281,000	for interest and principal
2015	281,000	for interest and principal
2016	281,000	for interest and principal
2017	2,276,000	for interest and principal
2018	3,806,250	for interest and principal

Principal or interest maturing at any time when there are not sufficient funds on hand from the foregoing tax levy to pay the same shall be paid from the general funds of the District, and the fund from which such payment was made shall be reimbursed out of the taxes hereby levied when the same shall be collected.

The District covenants and agrees with the purchasers and the holders of the Bonds that so long as any of the Bonds remain outstanding, the District will take no action or fail to take any action which in any way would adversely affect the ability of the District to levy and collect the foregoing tax levy and the District and its officers will comply with all present and future applicable laws in order to assure that the foregoing taxes will be levied, extended and collected

as provided herein and deposited in the fund established to pay the principal of and interest on the Bonds.

To the extent that the taxes levied above exceed the amount necessary to pay debt service on the Bonds as set forth in the Bond Notification, the President and Secretary of the Board and the School Treasurer who receives the taxes of the District are hereby authorized to direct the abatement of such taxes to the extent of the excess of such levy in each year over the amount necessary to pay debt service on the Bonds in the following bond year. Proper notice of such abatement shall be filed with the County Clerk in a timely manner to effect such abatement.

*Section 10. Filing of Resolution and Certificate of Reduction of Taxes.* Forthwith upon the passage of this Resolution, the Secretary of the Board is hereby directed to file a certified copy of this Resolution with the County Clerk, and it shall be the duty of the County Clerk to annually in and for each of the years 2012 to 2018, inclusive, ascertain the rate necessary to produce the tax herein levied, and extend the same for collection on the tax books against all of the taxable property within the District in connection with other taxes levied in each of said years for school purposes, in order to raise the respective amounts aforesaid and in each of said years such annual tax shall be computed, extended and collected in the same manner as now or hereafter provided by law for the computation, extension and collection of taxes for general school purposes of the District, and when collected, the taxes hereby levied shall be placed to the credit of a special fund for the Bonds to be designated "Refunding Bond and Interest Sinking Fund Account of 2012" (the "*Bond Fund*"), which taxes are hereby irrevocably pledged to and shall be used only for the purpose of paying the principal of and interest on the Bonds; and a certified copy of this resolution shall also be filed with the School Treasurer who receives the taxes of the District.

The President and Secretary of the Board and the School Treasurer who receives the taxes of the District be and the same are hereby directed to prepare and file with the County Clerk, a Certificate of Reduction of Taxes Heretofore Levied for the Payment of Bonds showing the Prior Bonds being refunded and directing the abatement of the taxes heretofore levied for the years 2012 to 2018, inclusive, to pay the Refunded Bonds, all as provided by Section 19-23 of the School Code of the State of Illinois, as amended.

*Section 11. Use of Taxes Heretofore Levied.* All proceeds received or to be received from any taxes heretofore levied to pay principal and interest on the Refunded Bonds, including the proceeds received or to be received from the taxes levied for the year 2011 for such purpose, shall be used to pay the principal of and interest on the Refunded Bonds and to the extent that such proceeds are not needed for such purpose because of the establishment of the escrow referred to in Section 12 hereof, the same shall be deposited into the Bond Fund and used to pay principal and interest on the Bonds in accordance with all of the provisions of this Resolution.

*Section 12. Use of Bond Proceeds.* Accrued interest received on the delivery of the Bonds is hereby appropriated for the purpose of paying first interest due on the Bonds and is hereby ordered deposited into the Bond Fund. Simultaneously with the delivery of the Bonds, the principal proceeds of the Bonds, together with any premium received from the sale of the Bonds and such additional amounts as may be necessary from the general funds of the District, are hereby appropriated to pay the costs of issuance of the Bonds and for the purpose of refunding the Refunded Bonds, and that portion thereof not needed to pay such costs is hereby ordered deposited in escrow pursuant to an Escrow Agreement to be hereafter authorized by the Board for the purpose of paying the principal of and interest on the Refunded Bonds as such become due as provided in said Escrow Agreement. At the time of the issuance of the Bonds,



the costs of issuance of the Bonds may be paid by the Purchaser on behalf of the District from the proceeds of the Bonds.

*Section 13. Non-Arbitrage and Tax-Exemption.* One purpose of this Section is to set forth various facts regarding the Bonds and to establish the expectations of the Board and the District as to future events regarding the Bonds and the use of Bond proceeds. The certifications, covenants and representations contained herein and at the time of the Closing are made on behalf of the District for the benefit of the owners from time to time of the Bonds. In addition to providing the certifications, covenants and representations contained herein, the District hereby covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Bonds) if taking, permitting or omitting to take such action would cause any of the Bonds to be an arbitrage bond or a private activity bond within the meaning of the hereinafter defined Code or would otherwise cause the interest on the Bonds to be included in the gross income of the recipients thereof for federal income tax purposes. The District acknowledges that, in the event of an examination by the Internal Revenue Service (the “IRS”) of the exemption from federal income taxation for interest paid on the Bonds, under present rules, the District may be treated as a “taxpayer” in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the IRS in connection with such an examination. The Board and the District certify, covenant and represent as follows:

*1.1. Definitions.* In addition to such other words and terms used and defined in this Resolution, the following words and terms used in this Section shall have the following meanings unless, in either case, the context or use clearly indicates another or different meaning is intended:

“*Affiliated Person*” means any Person that (a) at any time during the six months prior to the execution and delivery of the Bonds, (i) has more than five percent of the voting power of the governing body of the District in the aggregate vested in its directors, officers, owners, and employees or, (ii) has more than five percent of the voting power of its governing body in the aggregate vested in directors, officers, board members or

employees of the District or (b) during the one-year period beginning six months prior to the execution and delivery of the Bonds, (i) the composition of the governing body of which is modified or established to reflect (directly or indirectly) representation of the interests of the District (or there is an agreement, understanding, or arrangement relating to such a modification or establishment during that one-year period) or (ii) the composition of the governing body of the District is modified or established to reflect (directly or indirectly) representation of the interests of such Person (or there is an agreement, understanding, or arrangement relating to such a modification or establishment during that one-year period).

“*Bond Counsel*” means Chapman and Cutler LLP or any other nationally recognized firm of attorneys experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

“*Capital Expenditures*” means costs of a type that would be properly chargeable to a capital account under the Code (or would be so chargeable with a proper election) under federal income tax principles if the District were treated as a corporation subject to federal income taxation, taking into account the definition of Placed-in-Service set forth herein.

“*Closing*” means the first date on which the District is receiving the purchase price for the Bonds.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Commingled Fund*” means any fund or account containing both Gross Proceeds and an amount in excess of \$25,000 that are not Gross Proceeds if the amounts in the fund or account are invested and accounted for, collectively, without regard to the source of funds deposited in the fund or account. An open-ended regulated investment company under Section 851 of the Code is not a Commingled Fund.

“*Control*” means the possession, directly or indirectly through others, of either of the following discretionary and non-ministerial rights or powers over another entity:

(a) to approve and to remove without cause a controlling portion of the governing body of a Controlled Entity; or

(b) to require the use of funds or assets of a Controlled Entity for any purpose.

“*Controlled Entity*” means any entity or one of a group of entities that is subject to Control by a Controlling Entity or group of Controlling Entities.

“*Controlled Group*” means a group of entities directly or indirectly subject to Control by the same entity or group of entities, including the entity that has Control of the other entities.

“*Controlling Entity*” means any entity or one of a group of entities directly or indirectly having Control of any entities or group of entities.

“*Costs of Issuance*” means the costs of issuing the Bonds, including underwriters’ discount and legal fees, but not including the fees for the Credit Facility described in paragraph 5.8 hereof.

“*Credit Facility*” means the municipal bond insurance policy issued by the Credit Facility Provider.

“*Credit Facility Provider*” means the municipal bond insurer, if any, issuing the Credit Facility.

“*De minimis Amount of Original Issue Discount or Premium*” means with respect to an obligation (a) any original issue discount or premium that does not exceed two percent of the stated redemption price at maturity of the Bonds plus (b) any original issue premium that is attributable exclusively to reasonable underwriter’s compensation.

“*Escrow Account*” means the account established pursuant to the Escrow Agreement.

“*Escrow Agent*” means Amalgamated Bank of Chicago, Chicago, Illinois, as escrow agent under the Escrow Agreement.

“*Escrow Agreement*” means the agreement between the Escrow Agent and the District providing for the deposit in trust of certain Government Securities for the purpose of refunding in advance of maturity the Refunded Bonds.

“*External Commingled Fund*” means a Commingled Fund in which the District and all members of the same Controlled Group as the District own, in the aggregate, not more than ten percent of the beneficial interests.

“*GIC*” means (a) any investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate and (b) any agreement to supply investments on two or more future dates (*e.g.*, a forward supply contract).

“*Government Securities*” means the obligations held and to be held under the Escrow Agreement.

“*Gross Proceeds*” means amounts in the Bond Fund and the Escrow Account.

“*Net Sale Proceeds*” means amounts actually or constructively received from the sale of the Bonds reduced by any such amounts that are deposited in a reasonably required reserve or replacement fund for the Bonds.

“*Person*” means any entity with standing to be sued or to sue, including any natural person, corporation, body politic, governmental unit, agency, authority, partnership, trust, estate, association, company, or group of any of the above.

“*Placed-in-Service*” means the date on which, based on all facts and circumstances (a) a facility has reached a degree of completion that would permit its operation at substantially its design level and (b) the facility is, in fact, in operation at such level.

“*Prior Bond Fund*” means the fund or funds established in connection with the issuance of the Prior Bonds to pay the debt service on the Prior Bonds.

“*Prior Bond Proceeds*” means amounts actually or constructively received from the sale of the Refunded Bonds, including (a) amounts used to pay underwriters’ discount or compensation and accrued interest, other than accrued interest for a period not greater than one year before the Refunded Bonds were issued but only if it is to be paid within one year after the Refunded Bonds were issued and (b) amounts derived from the sale of any right that is part of the terms of a Refunded Bond or is otherwise associated with a Refunded Bond (*e.g.*, a redemption right).

“*Prior Bonds*” means the District’s outstanding issues being refunded by the Bonds, as more particularly described in the preambles hereof.

“*Prior Project*” means the facilities financed, directly or indirectly with the proceeds of the Prior Bonds.

“*Private Business Use*” means any use of the Prior Project by any Person other than a state or local government unit, including as a result of (i) ownership, (ii) actual or beneficial use pursuant to a lease or a management, service, incentive payment, research or output contract or (iii) any other similar arrangement, agreement or understanding, whether written or oral, except for use of the Prior Project on the same basis as the general public. Private Business Use includes any formal or informal arrangement with any person other than a state or local governmental unit that conveys special legal entitlements to any portion of the Prior Project that is available for use by the general public or that conveys to any person other than a state or local governmental unit any special economic benefit with respect to any portion of the Prior Project that is not available for use by the general public.

“*Qualified Administrative Costs of Investments*” means (a) reasonable, direct administrative costs (other than carrying costs) such as separately stated brokerage or selling commissions but not legal and accounting fees, recordkeeping, custody and similar costs; or (b) all reasonable administrative costs, direct or indirect, incurred by a publicly offered regulated investment company or an External Commingled Fund.

“*Qualified Tax Exempt Obligations*” means (a) any obligation described in Section 103(a) of the Code, the interest on which is excludable from gross income of the

owner thereof for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax imposed by Section 55 of the Code; (b) an interest in a regulated investment company to the extent that at least ninety-five percent of the income to the holder of the interest is interest which is excludable from gross income under Section 103 of the Code of any owner thereof for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax imposed by Section 55 of the Code; and (c) certificates of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program described in 31 C.F.R. pt. 344.

“*Rebate Fund*” means the fund, if any, identified and defined in paragraph 4.2 herein.

“*Rebate Provisions*” means the rebate requirements contained in Section 148(f) of the Code and in the Regulations.

“*Refunded Bonds*” means those certain Prior Bonds being refunded by the Bonds.

“*Regulations*” means United States Treasury Regulations dealing with the tax-exempt bond provisions of the Code.

“*Reimbursed Expenditures*” means expenditures of the District paid prior to Closing to which Sale Proceeds or investment earnings thereon are or will be allocated.

“*Reserve Portion of the Bond Fund*” means the portion of the Bond Fund funded in excess of the amount of debt service payable each year.

“*Sale Proceeds*” means amounts actually or constructively received from the sale of the Bonds, including (a) amounts used to pay underwriters’ discount or compensation and accrued interest, other than accrued interest for a period not greater than one year before Closing but only if it is to be paid within one year after Closing and (b) amounts derived from the sale of any right that is part of the terms of a Bond or is otherwise associated with a Bond (*e.g.*, a redemption right).

“*Transferred Proceeds*” means amounts actually or constructively received from the sale of the Prior Bonds, plus investment earnings thereon, which have not been spent prior to the date principal on the Refunded Bonds is discharged by the Bonds.

“*Verification Report*” means the verification report and opinion of the Verifier concerning the Yield on the Bonds and the Government Securities.

“*Verifier*” means Causey Demgen Moore, Inc., Certified Public Accountants, Denver, Colorado.

“*Yield*” means that discount rate which when used in computing the present value of all payments of principal and interest paid and to be paid on an obligation (using

semiannual compounding on the basis of a 360-day year) produces an amount equal to the obligation's purchase price (or in the case of the Bonds, the issue price as established in paragraph 5.1 hereof), including accrued interest.

*"Yield Reduction Payment"* means a rebate payment or any other amount paid to the United States in the same manner as rebate amounts are required to be paid or at such other time or in such manner as the Internal Revenue Service may prescribe that will be treated as a reduction in Yield of an investment under the Regulations.

2.1. *Purpose of the Bonds.* The Bonds are being issued solely and exclusively to refund in advance of maturity the Refunded Bonds in a prudent manner consistent with the revenue needs of the District. A breakdown of the sources and uses of funds is set forth in the preceding Section of this Resolution. Except to pay the Refunded Bonds and except for any accrued interest on the Bonds used to pay first interest due on the Bonds, no proceeds of the Bonds will be used more than 30 days after the date of issue of the Bonds for the purpose of paying any principal or interest on any issue of bonds, notes, certificates or warrants or on any installment contract or other obligation of the District or for the purpose of replacing any funds of the District used for such purpose.

2.2. *Bond Fund Investment.* The investment earnings on the Bond Fund will be spent to pay interest on the Bonds, or to the extent permitted by law, investment earnings on amounts in the Bond Fund will be commingled with substantial revenues from the governmental operations of the District, and the earnings are reasonably expected to be spent for governmental purposes within six months of the date earned. Interest earnings on the Bond Fund have not been earmarked or restricted by the Board for a designated purpose.

2.3. *Reimbursement.* None of the Sale Proceeds or investment earnings thereon will be used for Reimbursed Expenditures.

2.4. *Working Capital.* All Sale Proceeds and investment earnings thereon will be used, directly or indirectly, to pay principal of, interest on and redemption premium (if any) on the Refunded Bonds, other than the following:

- (a) payments of interest on the Bonds for the period commencing at Closing and ending on the date one year after the date on which the Prior Project is Placed-in-Service;
- (b) Costs of Issuance and Qualified Administrative Costs of Investments;
- (c) payments of rebate or Yield Reduction Payments made to the United States under the Regulations;
- (d) principal of or interest on the Bonds paid from unexpected excess Sale Proceeds and investment earnings thereon;

(e) fees for the Credit Facility; and

(f) investment earnings that are commingled with substantial other revenues and are expected to be allocated to expenditures within six months.

2.5. *Consequences of Contrary Expenditure.* The District acknowledges that if Sale Proceeds and investment earnings thereon are spent other than as permitted by paragraph 2.4 hereof, a like amount of then available funds of the District will be treated as unspent Sale Proceeds.

2.6. *Investment of Bond Proceeds.* No portion of the Bonds is being issued solely for the purpose of investing a portion of Sale Proceeds or investment earnings thereon at a Yield higher than the Yield on the Bonds.

2.7. *No Grants.* None of the Sale Proceeds or investment earnings thereon will be used to make grants to any person.

2.8. *Hedges.* Neither the District nor any member of the same Controlled Group as the District has entered into or expects to enter into any hedge (*e.g.*, an interest rate swap, interest rate cap, futures contract, forward contract or an option) with respect to the Bonds or the Prior Bonds. The District acknowledges that any such hedge could affect, among other things, the calculation of Bond Yield under the Regulations. The Internal Revenue Service could recalculate Bond Yield if the failure to account for the hedge fails to clearly reflect the economic substance of the transaction.

The District also acknowledges that if it acquires a hedging contract with an investment element (including *e.g.*, an off-market swap agreement, or any cap agreement for which all or a portion of the premium is paid at, or before the effective date of the cap agreement), then a portion of such hedging contract may be treated as an investment of Gross Proceeds of the Bonds, and be subject to the fair market purchase price rules, rebate and yield restriction. The District agrees not to use proceeds of the Bonds to pay for any such hedging contract in whole or in part. The District also agrees that it will not give any assurances to any Bond holder, the Credit Facility Provider, or any other credit or liquidity enhancer with respect to the Bonds that any such hedging contract will be entered into or maintained. The District recognizes that if a portion of a hedging contract is determined to be an investment of gross proceeds, such portion may not be fairly priced even if the hedging contract as a whole is fairly priced.

2.9. *Internal Revenue Service Audits.* The District represents that the Internal Revenue Service has not contacted the District regarding the Prior Bonds or any other obligations issued by or on behalf of the District. To the best of the knowledge of the District, no such obligations of the District are currently under examination by the Internal Revenue Service.

2.10. *Abusive Transactions.* Neither the District nor any member of the same Controlled Group as the District will receive a rebate or credit resulting from any

payments having been made in connection with the issuance of the Bonds or the advance refunding of the Refunded Bonds.

3.1. *Use of Proceeds.* (a) The use of the Sale Proceeds and investment earnings thereon and the funds held under this Resolution at the time of Closing are described in the preceding Section of this Resolution. No Sale Proceeds will be used to pre-pay for goods or services to be received over a period of years prior to the date such goods or services are to be received, except for any payment to the Credit Facility Provider. No Sale Proceeds or any investment earnings thereon will be used to pay for or otherwise acquire goods or services from the District, any member of the same Controlled Group as the District, or an Affiliated Person.

(b) Only the funds and accounts described in said Section will be funded at Closing. There are no other funds or accounts created under this Resolution, other than the Rebate Fund if it is created as provided in paragraph 4.2 hereof.

(c) Principal of and interest on the Bonds will be paid from the Bond Fund.

(d) Any Costs of Issuance incurred in connection with the issuance of the Bonds to be paid by the District will be paid at the time of Closing.

3.2. *Purpose of Bond Fund.* The Bond Fund (other than the Reserve Portion of the Bond Fund) will be used primarily to achieve a proper matching of revenues and earnings with principal and interest payments on the Bonds in each bond year. It is expected that the Bond Fund (other than the Reserve Portion of the Bond Fund) will be depleted at least once a year, except for a reasonable carry over amount not to exceed the greater of (a) the earnings on the investment of moneys in the Bond Fund (other than the Reserve Portion of the Bond Fund) for the immediately preceding bond year or (b) 1/12th of the principal and interest payments on the Bonds for the immediately preceding bond year.

The District will levy taxes to produce an amount sufficient to pay all principal of and interest on the Bonds in each bond year. To minimize the likelihood of an insufficiency, the amount extended to pay the Bonds may in most years be in excess of the amount required to pay principal and interest within one year of collection. This over-collection (if any) may cause the Bond Fund as a whole to fail to function as a bona fide debt service fund. Nevertheless, except for the Reserve Portion of the Bond Fund, the Bond Fund will be depleted each year as described above. The Reserve Portion of the Bond Fund will constitute a separate account not treated as part of the bona fide debt service fund. The Reserve Portion of the Bond Fund is subject to yield restriction requirements except as it may otherwise be excepted as provided in 5.2 below. It is also subject to rebate requirements.

3.3. *The Prior Bonds.* (a) As of the earlier of (i) the time of the Closing or (ii) the date three years after the Prior Bonds were issued, all Prior Bond Proceeds,



including investment earnings thereon, were completely spent to pay the costs of Capital Expenditures.

(b) As of the date hereof, no Prior Bond Proceeds or money or property of any kind (including cash) is on deposit in any fund or account, regardless of where held or the source thereof, with respect to the Prior Bonds or any credit enhancement or liquidity device relating to the foregoing, or is otherwise restricted to pay the District's obligations other than amounts on deposit in the Escrow Account.

(c) The Prior Bond Fund was used primarily to achieve a proper matching of revenues and earnings with principal and interest payments on the Prior Bonds in each bond year. The Prior Bond Fund was depleted at least once a year, except for a reasonable carry over amount not to exceed the greater of (i) the earnings on the investment of moneys in such account for the immediately preceding bond year or (ii) one-twelfth (1/12th) of the principal and interest payments on the Prior Bonds.

(d) At the time the Prior Bonds were issued, the District reasonably expected to spend at least 85% of the proceeds (including investment earnings) of the Prior Bonds to be used for non-refunding purposes for such purposes within three years of the date the Prior Bonds were issued and such proceeds were so spent. Not more than 50% of the proceeds of the Prior Bonds to be used for non-refunding purposes was invested in investments having a substantially guaranteed Yield for four years or more.

(e) The Refunded Bonds subject to redemption prior to maturity will be called on the first optional redemption date of the Refunded Bonds.

(f) The Refunded Bonds do not include, directly or indirectly in a series, any advance refunding obligations.

(g) The District has not been notified that the Prior Bonds are under examination by the Internal Revenue Service, and to the best of the District's knowledge the Prior Bonds are not under examination by the Internal Revenue Service.

(h) The District acknowledges that (i) the final rebate payment with respect to the Prior Bonds may be required to be made sooner than if the refunding had not occurred and (ii) the final rebate is due 60 days after the Prior Bonds are paid in full.

3.4. *The Escrow Account.* (a) The Escrow Account will be funded at the Closing.

(b) The uninvested cash and anticipated receipts from the Government Securities on deposit in the Escrow Account, without regard to any reinvestment thereof, will be sufficient to pay, when due, principal and interest on the Refunded Bonds as such become due and payable and to redeem the outstanding principal amount of any callable Refunded Bonds on the first optional redemption date of such callable Refunded Bonds, at the applicable redemption price thereof based on the Verification Report.

(c) Any moneys remaining on deposit in the Escrow Account upon the final disbursement of funds sufficient to pay principal and interest of the Refunded Bonds shall be transferred by the Escrow Agent to the Bond Fund to be used to pay interest on the Bonds.

3.5. *No Other Gross Proceeds.* (a) Except for the Bond Fund and except for investment earnings that have been commingled as described in paragraph 2.2 and any credit enhancement or liquidity device related to the Bonds, after the issuance of the Bonds, neither the District nor any member of the same Controlled Group as the District has or will have any property, including cash, securities or any other property held as a passive vehicle for the production of income or for investment purposes, that constitutes:

(i) Sale Proceeds;

(ii) amounts in any fund or account with respect to the Bonds (other than the Rebate Fund);

(iii) Transferred Proceeds;

(iv) amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the Bonds were not used or to be used for that governmental purpose (the mere availability or preliminary earmarking of such amounts for a governmental purpose, however, does not itself establish such a sufficient nexus);

(v) amounts in a debt service fund, redemption fund, reserve fund, replacement fund or any similar fund to the extent reasonably expected to be used directly or indirectly to pay principal of or interest on the Bonds or any amounts for which there is provided, directly or indirectly, a reasonable assurance that the amount will be available to pay principal of or interest on the Bonds or any obligations under any credit enhancement or liquidity device with respect to the Bonds, even if the District encounters financial difficulties;

(vi) any amounts held pursuant to any agreement (such as an agreement to maintain certain levels of types of assets) made for the benefit of the Bondholders or any credit enhancement provider, including any liquidity device or negative pledge (*e.g.*, any amount pledged to pay principal of or interest on an issue held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of holders of the Bonds or a guarantor of the Bonds); or

(vii) amounts actually or constructively received from the investment and reinvestment of the amounts described in (i) or (ii) above.

(b) No compensating balance, liquidity account, negative pledge of property held for investment purposes required to be maintained at least at a particular level or

similar arrangement exists with respect to, in any way, the Bonds or any credit enhancement or liquidity device related to the Bonds.

(c) The term of the Bonds is not longer than is reasonably necessary for the governmental purposes of the Bonds. The average reasonably expected remaining economic life of the Prior Project is at least 8 years. The weighted average maturity of the Bonds does not exceed 8 years and does not exceed 120 percent of the average reasonably expected economic life of the Prior Project. The maturity schedule of the Bonds (the "*Principal Payment Schedule*") is based on an analysis of revenues expected to be available to pay debt service on the Bonds. The Principal Payment Schedule is not more rapid (*i.e.*, having a lower average maturity) because a more rapid schedule would place an undue burden on tax rates and cause such rates to be increased beyond prudent levels, and would be inconsistent with the governmental purpose of the Bonds as set forth in paragraph 2.1 hereof.

4.1. *Compliance with Rebate Provisions.* The District covenants to take such actions and make, or cause to be made, all calculations, transfers and payments that may be necessary to comply with the Rebate Provisions applicable to the Bonds. The District will make, or cause to be made, rebate payments with respect to the Bonds in accordance with law.

4.2. *Rebate Fund.* The District is hereby authorized to create and establish a special fund to be known as the Rebate Fund (the "*Rebate Fund*"), which, if created, shall be continuously held, invested, expended and accounted for in accordance with this Resolution. Moneys in the Rebate Fund shall not be considered moneys held for the benefit of the owners of the Bonds. Except as provided in the Regulations, moneys in the Rebate Fund (including earnings and deposits therein) shall be held in trust for payment to the United States as required by the Rebate Provisions and by the Regulations and as contemplated under the provisions of this Resolution.

4.3. *Records.* The District agrees to keep and retain or cause to be kept and retained for the period described in paragraph 7.9 adequate records with respect to the investment of all Gross Proceeds and amounts in the Rebate Fund. Such records shall include: (a) purchase price; (b) purchase date; (c) type of investment; (d) accrued interest paid; (e) interest rate; (f) principal amount; (g) maturity date; (h) interest payment date; (i) date of liquidation; and (j) receipt upon liquidation.

If any investment becomes Gross Proceeds on a date other than the date such investment is purchased, the records required to be kept shall include the fair market value of such investment on the date it becomes Gross Proceeds. If any investment is retained after the date the last Bond is retired, the records required to be kept shall include the fair market value of such investment on the date the last Bond is retired. Amounts or investments will be segregated whenever necessary to maintain these records.

4.4. *Fair Market Value; Certificates of Deposit and Investment Agreements.*

The District will continuously invest all amounts on deposit in the Rebate Fund, together with the amounts, if any, to be transferred to the Rebate Fund, in any investment permitted under this Resolution. In making investments of Gross Proceeds or of amounts in the Rebate Fund the District shall take into account prudent investment standards and the date on which such moneys may be needed. Except as provided in the next sentence, all amounts that constitute Gross Proceeds and all amounts in the Rebate Fund shall be invested at all times to the greatest extent practicable, and no amounts may be held as cash or be invested in zero yield investments other than obligations of the United States purchased directly from the United States. In the event moneys cannot be invested, other than as provided in this sentence due to the denomination, price or availability of investments, the amounts shall be invested in an interest bearing deposit of a bank with a yield not less than that paid to the general public or held uninvested to the minimum extent necessary.

Gross Proceeds and any amounts in the Rebate Fund that are invested in certificates of deposit or in GICs shall be invested only in accordance with the following provisions:

(a) Investments in certificates of deposit of banks or savings and loan associations that have a fixed interest rate, fixed payment schedules and substantial penalties for early withdrawal shall be made only if either (i) the Yield on the certificate of deposit (A) is not less than the Yield on reasonably comparable direct obligations of the United States and (B) is not less than the highest Yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public or (ii) the investment is an investment in a GIC and qualifies under paragraph (b) below.

(b) Investments in GICs shall be made only if

(i) the bid specifications are in writing, include all material terms of the bid and are timely forwarded to potential providers (a term is material if it may directly or indirectly affect the yield on the GIC);

(ii) the terms of the bid specifications are commercially reasonable (a term is commercially reasonable if there is a legitimate business purpose for the term other than to reduce the yield on the GIC);

(iii) all bidders for the GIC have equal opportunity to bid so that, for example, no bidder is given the opportunity to review other bids (a last look) before bidding;

(iv) any agent used to conduct the bidding for the GIC does not bid to provide the GIC;

(v) at least three of the providers solicited for bids for the GIC are reasonably competitive providers of investments of the type purchased (*i.e.*, providers that have established industry reputations as competitive providers of the type of investments being purchased);

(vi) at least three of the entities that submit a bid do not have a financial interest in the Bonds;

(vii) at least one of the entities that provided a bid is a reasonably competitive provider that does not have a financial interest in the Bonds;

(viii) the bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the District or any other person (whether or not in connection with the Bonds) and that the bid is not being submitted solely as a courtesy to the District or any other person for purposes of satisfying the federal income tax requirements relating to the bidding for the GIC;

(ix) the determination of the terms of the GIC takes into account the reasonably expected deposit and drawdown schedule for the amounts to be invested;

(x) the highest-yielding GIC for which a qualifying bid is made (determined net of broker's fees) is in fact purchased; and

(xi) the obligor on the GIC certifies the administrative costs that it is paying or expects to pay to third parties in connection with the GIC.

(c) If a GIC is purchased, the District will retain the following records with its bond documents until three years after the Bonds are redeemed in their entirety:

(i) a copy of the GIC;

(ii) the receipt or other record of the amount actually paid for the GIC, including a record of any administrative costs paid, and the certification under subparagraph (b)(xi) of this paragraph;

(iii) for each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results; and

(iv) the bid solicitation form and, if the terms of the GIC deviated from the bid solicitation form or a submitted bid is modified, a brief

statement explaining the deviation and stating the purpose for the deviation.

Moneys to be rebated to the United States shall be invested to mature on or prior to the anticipated rebate payment date. All investments made with Gross Proceeds or amounts in the Rebate Fund shall be bought and sold at fair market value. The fair market value of an investment is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction. Except for investments specifically described in this Section and United States Treasury obligations that are purchased directly from the United States Treasury, only investments that are traded on an established securities market, within the meaning of regulations promulgated under Section 1273 of the Code, will be purchased with Gross Proceeds. In general, an "established securities market" includes: (i) property that is listed on a national securities exchange, an interdealer quotation system or certain foreign exchanges; (ii) property that is traded on a Commodities Futures Trading Commission designated board of trade or an interbank market; (iii) property that appears on a quotation medium; and (iv) property for which price quotations are readily available from dealers and brokers. A debt instrument is not treated as traded on an established market solely because it is convertible into property which is so traded.

An investment of Gross Proceeds in an External Commingled Fund shall be made only to the extent that such investment is made without an intent to reduce the amount to be rebated to the United States Government or to create a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the rebate or Yield restriction requirements not been relevant to the District. An investment of Gross Proceeds shall be made in a Commingled Fund other than an External Commingled Fund only if the investments made by such Commingled Fund satisfy the provisions of this paragraph.

A single investment, or multiple investments awarded to a provider based on a single bid may not be used for funds subject to different rules relating to rebate or yield restriction.

The foregoing provisions of this paragraph satisfy various safe harbors set forth in the Regulations relating to the valuation of certain types of investments. The safe harbor provisions of this paragraph are contained herein for the protection of the District, who has covenanted not to take any action to adversely affect the tax-exempt status of the interest on the Bonds. The District will contact Bond Counsel if it does not wish to comply with the provisions of this paragraph and forego the protection provided by the safe harbors provided herein.

*4.5. Arbitrage Elections.* The District hereby waives its right to invest Sale Proceeds of the Bonds and investment earnings thereon in the Escrow Account in investments with Yields higher than Bond Yield. The President and Secretary of the Board and the School Treasurer of the District are both hereby authorized to execute one or more elections regarding certain matters with respect to arbitrage.

5.1. *Issue Price.* For purposes of determining the Yield on the Bonds, the purchase price of the Bonds is equal to the first offering price (including accrued interest) at which the Purchaser reasonably expected to sell at least ten percent of the principal amount of each maturity of the Bonds to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). All of the Bonds have been the subject of a bona fide initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at prices equal to those set forth in the Official Statement. Based upon prevailing market conditions, such prices are not less than the fair market value of each Bond as of the sale date for the Bonds.

5.2. *Yield Limits.* Except as provided in paragraph (a) or (b), all Gross Proceeds shall be invested at market prices and at a Yield (after taking into account any Yield Reduction Payments) not in excess of the Yield on the Bonds.

The following may be invested without Yield restriction:

(a) amounts on deposit in the Bond Fund (except for capitalized interest and any Reserve Portion of the Bond Fund) that have not been on deposit under the Resolution for more than 13 months, so long as the Bond Fund (other than the Reserve Portion of the Bond Fund) continues to qualify as a bona fide debt service fund as described in paragraph 3.2 hereof;

(b) (i) An amount not to exceed the lesser of \$100,000 or five percent of the Sale Proceeds;

(ii) amounts invested in Qualified Tax Exempt Obligations (to the extent permitted by law and this Resolution);

(iii) amounts in the Rebate Fund;

(iv) all amounts other than Sale Proceeds for the first 30 days after they become Gross Proceeds; and

(v) all amounts derived from the investment of Sale Proceeds or investment earnings thereon other than those on deposit in the Escrow Account for a period of one year from the date received.

5.3. *Yield Limits on Prior Bond Proceeds.* Except for an amount not to exceed the lesser of \$100,000 or five percent of Prior Bond Proceeds, the District acknowledges that all Prior Bond Proceeds must be invested at market prices and at a Yield not in excess of the Yield on the Prior Bonds.

5.4. *Continuing Nature of Yield Limits.* Except as provided in paragraph 7.10 hereof, once moneys are subject to the Yield limits of paragraph 5.2 hereof, such moneys remain Yield restricted until they cease to be Gross Proceeds.

5.5. *Federal Guarantees.* Except for investments meeting the requirements of paragraph 5.2(a) hereof and except for investments in the Escrow Account, investments of Gross Proceeds shall not be made in (a) investments constituting obligations of or guaranteed, directly or indirectly, by the United States (except obligations of the United States Treasury or investments in obligations issued pursuant to Section 21B(d)(3) of the Federal Home Loan Bank, as amended (*e.g.*, Refcorp Strips)); or (b) federally insured deposits or accounts (as defined in Section 149(b)(4)(B) of the Code). Except as otherwise permitted in the immediately prior sentence and in the Regulations, no portion of the payment of principal or interest on the Bonds or any credit enhancement or liquidity device relating to the foregoing is or will be guaranteed, directly or indirectly (in whole or in part), by the United States (or any agency or instrumentality thereof), including a lease, incentive payment, research or output contract or any similar arrangement, agreement or understanding with the United States or any agency or instrumentality thereof. No portion of the Gross Proceeds has been or will be used to make loans the payment of principal or interest with respect to which is or will be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof). Neither this paragraph nor paragraph 5.6 hereof applies to any guarantee by the Federal Housing Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, the Student Loan Marketing Association or the Bonneville Power Administration pursuant to the Northwest Power Act (16 U.S.C. 839d) as in effect on the date of enactment of the Tax Reform Act of 1984.

5.6. *Investments After the Expiration of Temporary Periods, Etc.* Any amounts, other than amounts in the Escrow Account, that are subject to the yield limitation in Section 5.2 because Section 5.2(a) is not applicable and amounts not subject to yield restriction only because they are described in Section 5.2(b) cannot be invested in (i) federally insured deposits or accounts (as defined in Section 149(b)(4)(B) of the Code or (ii) investments constituting obligations of or guaranteed, directly or indirectly, by the United States (except obligations of the United States Treasury or investments in obligations issued pursuant to Section 21B(d)(3) of the Federal Home Loan Bank Act, as amended (*e.g.*, Refcorp Strips).

5.7. *Escrow Yield.* The Yield on the Government Securities purchased with Sale Proceeds of the Bonds, taking into account any Transferred Proceeds, has been computed by the Purchaser and verified by the Verifier to be not greater than the Yield on the Bonds computed by the Purchaser and verified by the Verifier.

5.8. *Treatment of Certain Credit Facility Fees.* The fee paid to the Credit Facility Provider with respect to the Credit Facility may be treated as interest in computing Bond Yield.

Neither the District nor any member of the same Controlled Group as the District is a Related Person as defined in Section 144(a)(3) of the Code to the Credit Facility Provider. The fee paid to the Credit Facility Provider does not exceed ten percent of the Sale Proceeds. Other than the fee paid to the Credit Facility Provider, neither the Credit



Facility Provider nor any person who is a Related Person to the Credit Facility Provider within the meaning of Section 144(a)(3) of the Code will use any Sale Proceeds or investment earnings thereon. The fee paid for the Credit Facility does not exceed a reasonable, arm's length charge for the transfer of credit risk. The fee does not include any payment for any direct or indirect services other than the transfer of credit risk.

*6.1. Payment and Use Tests.* (a) No more than five percent of the proceeds of each issue of the Prior Bonds and investment earnings thereon were used, directly or indirectly, in whole or in part, in any Private Business Use. The District acknowledges that, for purposes of the preceding sentence, Gross Proceeds used to pay costs of issuance and other common costs (such as capitalized interest and fees paid for a qualified guarantee or qualified hedge) or invested in a reserve or replacement fund must be ratably allocated among all the purposes for which Gross Proceeds are being used.

(b) The payment of more than five percent of the principal of or the interest on the Bonds or on each issue of the Prior Bonds considered separately will not be, directly or indirectly (i) secured by any interest in (A) property used or to be used in any Private Business Use or (B) payments in respect of such property or (ii) on a present value basis, derived from payments (whether or not to the District or a member of the same Controlled Group as the District) in respect of property, or borrowed money, used or to be used in any Private Business Use.

(c) No more than the lesser of \$5,000,000 or five percent of the sum of the proceeds of each issue of the Prior Bonds and investment earnings thereon were used, and no more than the lesser of \$5,000,000 or five percent of the sum of the Sale Proceeds and investment earnings thereon will be used, directly or indirectly, to make or finance loans to any persons. The District acknowledges that, for purposes of the preceding sentence, Gross Proceeds used to pay costs of issuance and other common costs (such as capitalized interest and fees paid for a qualified guarantee or qualified hedge) or invested in a reserve or replacement fund must be ratably allocated among all the purposes for which Gross Proceeds are being used.

(d) No user of the Prior Project other than a state or local governmental unit will use more than five percent of such facilities, considered separately, on any basis other than the same basis as the general public.

*6.2. I.R.S. Form 8038-G.* The information contained in the Information Return for Tax-Exempt Governmental Obligations, Form 8038-G, is true and complete. The District will file Form 8038-G (and all other required information reporting forms) in a timely manner.

*6.3. Bank Qualification.* (a) The District hereby designates each of the Bonds as a "qualified tax-exempt obligation" for the purposes and within the meaning of Section 265(b)(3) of the Code. In support of such designation, the District hereby certifies that (i) none of the Bonds will be at anytime a "private activity bond" (as defined in Section 141 of the Code), (ii) as of the date hereof in calendar year 2012, other than the

Bonds, no tax-exempt obligations of any kind have been issued (x) by or on behalf of the District, (y) by other issuers any of the proceeds of which have been or will be used to make any loans to the District or (z) any portion of which has been allocated to the District for purposes of Section 265(b) of the Code and (iii) not more than \$10,000,000 of obligations of any kind (including the Bonds) issued (x) by or on behalf of the District, (y) by other issuers any of the proceeds of which have been or will be used to make any loans to the District or (z) any portion of which has been allocated to the District for purposes of Section 265(b) of the Code during calendar year 2012 will be designated for purposes of Section 265(b)(3) of the Code.

(b) The District is not subject to Control by any entity, and there are no entities subject to Control by the District.

(c) On the date hereof, the District does not reasonably anticipate that for calendar year 2012 it will issue, have another entity issue on behalf of the District, borrow the proceeds of or have allocated to the District for purposes of Section 265(b) of the Code more than \$10,000,000 Section 265 Tax-Exempt Obligations (including the Bonds). "Section 265 Tax-Exempt Obligations" are obligations the interest on which is excludable from gross income of the owners thereof under Section 103 of the Code, except for private activity bonds other than qualified 501(c)(3) bonds, both as defined in Section 141 of the Code. The District will not, in calendar year 2012 issue, permit the issuance on behalf of it or by any entity subject to Control by the District (which may hereafter come into existence), borrow the proceeds of or have allocated to it for purposes of Section 265(b) of the Code Section 265 Tax-Exempt Obligations (including the Bonds) that exceed the aggregate amount of \$10,000,000 during calendar year 2012 unless it first obtains an opinion of Bond Counsel to the effect that such issuance, borrowing or allocation will not adversely affect the treatment of the Bonds as "qualified tax-exempt obligations" for the purpose and within the meaning of Section 265(b)(3) of the Code.

(d) The Bonds have not been sold in conjunction with any other obligation.

*7.1. Termination; Interest of District in Rebate Fund.* The terms and provisions set forth in this Section shall terminate at the later of (a) 75 days after the Bonds have been fully paid and retired or (b) the date on which all amounts remaining on deposit in the Rebate Fund, if any, shall have been paid to or upon the order of the United States and any other payments required to satisfy the Rebate Provisions of the Code have been made to the United States. Notwithstanding the foregoing, the provisions of paragraphs 4.3, 4.4(c) and 7.9 hereof shall not terminate until the third anniversary of the date the Bonds are fully paid and retired.

*7.2. Separate Issue.* Since a date that is 15 days prior to the date of sale of the Bonds by the District to the Purchaser, neither the District nor any member of the same Controlled Group as the District has sold or delivered any tax-exempt obligations other than the Bonds that are reasonably expected to be paid out of substantially the same source of funds as the Bonds. Neither the District nor any member of the same

Controlled Group as the District will sell or deliver within 15 days after the date of sale of the Bonds any tax-exempt obligations other than the Bonds that are reasonably expected to be paid out of substantially the same source of funds as the Bonds.

7.3. *No Sale of the Prior Project.* (a) Other than as provided in the next sentence, neither the Prior Project nor any portion thereof has been, is expected to be, or will be sold or otherwise disposed of, in whole or in part, prior to the earlier of (i) the last date of the reasonably expected economic life to the District of the property (determined on the date of issuance of the Bonds) or (ii) the last maturity date of the Bonds. The District may dispose of personal property in the ordinary course of an established government program prior to the earlier of (i) the last date of the reasonably expected economic life to the District of the property (determined on the date of issuance of the Bonds) or (ii) the last maturity of the Bonds, provided: (A) the weighted average maturity of the Bonds financing the personal property is not greater than 120 percent of the reasonably expected actual use of that property for governmental purposes; (B) the District reasonably expects on the issue date that the fair market value of that property on the date of disposition will be not greater than 25 percent of its cost; (C) the property is no longer suitable for its governmental purposes on the date of disposition; and (D) the District deposits amounts received from the disposition in a commingled fund with substantial tax or other governmental revenues and the District reasonably expects to spend the amounts on governmental programs within six months from the date of the commingling.

(b) The District acknowledges that if property financed with the Prior Bonds is sold or otherwise disposed of in a manner contrary to (a) above, such sale or disposition may constitute a “deliberate action” within the meaning of the Regulations that may require remedial actions to prevent the Bonds from becoming private activity bonds. The District shall promptly contact Bond Counsel if a sale or other disposition of Bond-financed property is considered by the District.

7.4. *Purchase of Bonds by District.* The District will not purchase any of the Bonds except to cancel such Bonds.

7.5. *Final Maturity.* The period between the date of Closing and the final maturity of the Bonds is not more than 10-1/2 years.

7.6. *Registered Form.* The District recognizes that Section 149(a) of the Code requires the Bonds to be issued and to remain in fully registered form in order that interest thereon be exempt from federal income taxation under laws in force at the time the Bonds are delivered. In this connection, the District agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

7.7. *First Amendment.* The District acknowledges and agrees that it will not use, or allow the Prior Project to be used, in a manner which is prohibited by the Establishment of Religion Clause of the First Amendment to the Constitution of the

United States of America or by any comparable provisions of the Constitution of the State of Illinois.

7.8. *Future Events.* The District acknowledges that any changes in facts or expectations from those set forth herein may result in different Yield restrictions or rebate requirements from those set forth herein. The District shall promptly contact Bond Counsel if such changes do occur.

7.9. *Records Retention.* The District agrees to keep and retain or cause to be kept and retained sufficient records to support the continued exclusion of the interest paid on the Bonds from federal income taxation, to demonstrate compliance with the covenants in this Resolution and to show that all tax returns related to the Bonds submitted or required to be submitted to the Internal Revenue Service are correct and timely filed. Such records shall include, but are not limited to, basic records relating to the Bond transaction (including this Resolution and the Bond Counsel opinion); documentation evidencing the expenditure of Bond proceeds; documentation evidencing the use of Bond-financed property by public and private entities (*i.e.*, copies of leases, management contracts and research agreements); documentation evidencing all sources of payment or security for the Bonds; and documentation pertaining to any investment of Bond proceeds (including the information required under paragraphs 4.3 and 4.4 hereof and in particular information related to the purchase and sale of securities, SLGs subscriptions, yield calculations for each class of investments, actual investment income received from the investment of proceeds, guaranteed investment contracts and documentation of any bidding procedure related thereto and any fees paid for the acquisition or management of investments and any rebate calculations). Such records shall be kept for as long as the Bonds are outstanding, plus three (3) years after the later of the final payment date of the Bonds or the final payment date of any obligations or series of obligations issued to refund directly or indirectly all or any portion of the Bonds.

7.10. *Permitted Changes; Opinion of Bond Counsel.* The Yield restrictions contained in paragraph 5.2 hereof or any other restriction or covenant contained herein need not be observed or may be changed if such nonobservance or change will not result in the loss of any exemption for the purpose of federal income taxation to which interest on the Bonds is otherwise entitled and the District receives an opinion of Bond Counsel to such effect. Unless the District otherwise directs, such opinion shall be in such form and contain such disclosures and disclaimers as may be required so that such opinion will not be treated as a covered opinion or a state or local bond opinion for purposes of Treasury Department regulations governing practice before the Internal Revenue Service (Circular 230) 31 C.F.R. pt. 10.

7.11. *Excess Proceeds.* Gross Proceeds of the Bonds and investment earnings thereon and all unspent Prior Bond Proceeds as of the date of Closing and investment earnings thereon do not exceed by more than one percent of the Sale Proceeds of the Bonds the amount that will be used for:

- (i) payment of principal of or interest or call premium on the Refunded Bonds;
- (ii) payment of pre-issuance accrued interest on the Bonds and interest on the Bonds that accrues for a period up to the completion date of any capital project for which the prior issue was issued, plus one year;
- (iii) payment of cost of issuance of the Bonds;
- (iv) payment of administrative costs allocable to repaying the Refunded Bonds, carrying and repaying the Bonds or investments of the Bonds;
- (v) Prior Bond Proceeds that will be used or maintained for the governmental purpose of the Refunded Bonds;
- (vi) interest on purpose investments; and
- (vii) costs of the Credit Facility allocable to the Bonds.

7.12. *Successors and Assigns.* The terms, provisions, covenants and conditions of this Section shall bind and inure to the benefit of the respective successors and assigns of the Board and the District.

7.13. *Expectations.* The Board has reviewed the facts, estimates and circumstances in existence on the date of issuance of the Bonds. Such facts, estimates and circumstances, together with the expectations of the District as to future events, are set forth in summary form in this Section. Such facts and estimates are true and are not incomplete in any material respect. On the basis of the facts and estimates contained herein, the District has adopted the expectations contained herein. On the basis of such facts, estimates, circumstances and expectations, it is not expected that Sale Proceeds, investment earnings thereon or any other moneys or property will be used in a manner that will cause the Bonds to be arbitrage bonds within the meaning of the Rebate Provisions and the Regulations. Such expectations are reasonable and there are no other facts, estimates and circumstances that would materially change such expectations.

The District also agrees and covenants with the purchasers and holders of the Bonds from time to time outstanding that, to the extent possible under Illinois law, it will comply with

whatever federal tax law is adopted in the future which applies to the Bonds and affects the tax-exempt status of the Bonds.

The Board hereby authorizes the officials of the District responsible for issuing the Bonds, the same being the President and Secretary of the Board and the School Treasurer who receives the taxes of the District, to make such further covenants and certifications as may be necessary to assure that the use thereof will not cause the Bonds to be arbitrage bonds and to assure that the interest in the Bonds will be exempt from federal income taxation. In connection therewith, the District and the Board further agree: (a) through their officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to consult with counsel approving the Bonds and to comply with such advice as may be given; (c) to pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Bonds; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by their officers, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the District in such compliance.

*Section 14. List of Bondholders.* The Bond Registrar shall maintain a list of the names and addresses of the holders of all Bonds and upon any transfer shall add the name and address of the new Bondholder and eliminate the name and address of the transferor Bondholder.

*Section 15. Duties of Bond Registrar.* If requested by the Bond Registrar, the President and Secretary of the Board are authorized to execute the Bond Registrar's standard form of agreement between the District and the Bond Registrar with respect to the obligations and duties of the Bond Registrar hereunder which may include the following:

- (a) to act as bond registrar, authenticating agent, paying agent and transfer agent as provided herein;

(b) to maintain a list of Bondholders as set forth herein and to furnish such list to the District upon request, but otherwise to keep such list confidential;

(c) to cancel and/or destroy Bonds which have been paid at maturity or submitted for exchange or transfer;

(d) to furnish the District at least annually a certificate with respect to Bonds cancelled and/or destroyed; and

(e) to furnish the District at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds.

*Section 16. Continuing Disclosure Undertaking.* The President of the Board is hereby authorized, empowered and directed to execute and deliver a Continuing Disclosure Undertaking under Section (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the “*Continuing Disclosure Undertaking*”). When the Continuing Disclosure Undertaking is executed and delivered on behalf of the District as herein provided, the Continuing Disclosure Undertaking will be binding on the District and the officers, employees and agents of the District, and the officers, employees and agents of the District are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Undertaking as executed. Notwithstanding any other provision of this Resolution, the sole remedy for failure to comply with the Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any Bond to seek mandamus or specific performance by court order to cause the District to comply with its obligations under the Continuing Disclosure Undertaking.

*Section 17. Municipal Bond Insurance.* In the event the payment of principal and interest on the Bonds is insured pursuant to a municipal bond insurance policy (the “*Municipal Bond Insurance Policy*”) issued by a bond insurer (the “*Bond Insurer*”), and as long as such Municipal Bond Insurance Policy shall be in full force and effect, the District and the Bond Registrar agree to comply with such usual and reasonable provisions regarding presentment and

payment of the Bonds, subrogation of the rights of the Bondholders to the Bond Insurer upon payment of the Bonds by the Bond Insurer, amendment hereof, or other terms, as approved by the President of the Board on advice of counsel, his or her approval to constitute full and complete acceptance by the District of such terms and provisions under authority of this Section.

*Section 18. Record-Keeping Policy and Post-Issuance Compliance Matters.* It is necessary and in the best interest of the District to maintain sufficient records to demonstrate compliance with its covenants and expectations to ensure the appropriate federal tax status for the Bonds and other debt obligations of the District, the interest on which is excludable from “gross income” for federal income tax purposes (including the Bonds, the “*Tax-Exempt Obligations*”). Further, it is necessary and in the best interest of the District that (i) the Board adopt policies with respect to record-keeping and (ii) the Compliance Officer (as hereinafter defined) shall at least annually review the District’s Contracts (as hereinafter defined) to determine whether the Tax-Exempt Obligations comply with the federal tax requirements applicable to each issue of the Tax-Exempt Obligations.

(a) *Compliance Officer Is Responsible for Records.* The Business Manager of the District (the “*Compliance Officer*”) is hereby designated as the keeper of all records of the District with respect to each issue of the Tax-Exempt Obligations, and such officer shall report to the Board at least annually that he/she has all of the required records in his/her possession, or is taking appropriate action to obtain or recover such records.

(b) *Closing Transcripts.* For each issue of Tax-Exempt Obligations, the Compliance Officer shall receive, and shall keep and maintain, a true, correct and complete counterpart of each and every document and agreement delivered in connection with the issuance of the Tax-Exempt Obligations, including without limitation (i) the proceedings of the District authorizing the Tax-Exempt Obligations, (ii) any offering document with respect to the offer and sale of the Tax-Exempt Obligations, (iii) any legal opinions with respect to the Tax-Exempt Obligations delivered by any lawyers, and (iv) all written representations of any person delivered in connection with the issuance and initial sale of the Tax-Exempt Obligations.

(c) *Arbitrage Rebate Liability.* The Compliance Officer shall review the agreements of the District with respect to each issue of Tax-Exempt Obligations and shall prepare a report for the Board stating whether or not the District has any rebate liability to



the U.S. Treasury, and setting forth any applicable exemptions that each issue of Tax-Exempt Obligations may have from rebate liability. Such report shall be updated annually and delivered to the Board.

(d) *Recommended Records.* The Compliance Officer shall review the records related to each issue of Tax-Exempt Obligations and shall determine what requirements the District must meet in order to maintain the tax-exemption of interest paid on the Tax-Exempt Obligations. The Compliance Officer shall then prepare a list of the contracts, requisitions, invoices, receipts and other information that may be needed in order to establish that the interest paid on the Tax-Exempt Obligations is entitled to be excluded from “gross income” for federal income tax purposes. Notwithstanding any other policy of the District, such retained records shall be kept for as long as the Tax-Exempt Obligations relating to such records (and any obligations issued to refund the Tax-Exempt Obligations) are outstanding, plus three years, and shall at least include:

(i) complete copies of the bond transcripts delivered when any issue of Tax-Exempt Obligations is initially issued and sold;

(ii) copies of account statements showing the disbursements of all bond proceeds for their intended purposes;

(iii) copies of account statements showing all investment activity of any and all accounts in which the proceeds of any issue of Tax-Exempt Obligations has been held;

(iv) copies of all bid requests and bid responses used in the acquisition of any special investments used for the proceeds of any issue of Tax-Exempt Obligations, including any swaps, swaptions, or other financial derivatives entered into in order to establish that such instruments were purchased at *fair market value*;

(v) copies of any subscriptions to the U.S. Treasury for the purchase of State and Local Government Series (SLGS) obligations;

(vi) any calculations of liability for *arbitrage rebate* that is or may become due with respect to any issue of Tax-Exempt Obligations, and any calculations prepared to show that no arbitrage rebate is due, together, if applicable, with account statements or cancelled checks showing the payment of any rebate amounts to the U.S. Treasury together with any applicable IRS Form 8038-T; and

(vii) copies of all contracts and agreements of the District, including any leases (the “*Contracts*”), with respect to the use of any property owned by the District and acquired or financed with the proceeds of the Tax-Exempt Obligations, any part of which property is used by a private person at any time when such Tax-Exempt Obligations are or have been outstanding.

(e) *IRS Examination.* In the event the IRS commences an examination of any issue of Tax-Exempt Obligations, the Compliance Officer shall inform the Board of such event, and is authorized to respond to inquiries of the IRS, and to hire outside, independent professional counsel to assist in the response to the examination.

(f) *Annual Review.* The Compliance Officer shall conduct an annual review of the Contracts and other records to determine for each issue of Tax-Exempt Obligations then outstanding whether each such issue complies with the federal tax requirements applicable to such issue, including restrictions on private business use, private payments and private loans. The Compliance Officer is expressly authorized, without further official action of the Board, to hire outside, independent professional counsel to assist in such review. To the extent that any violations or potential violations of federal tax requirements are discovered incidental to such review, the Compliance Officer may make recommendations or take such actions as the Compliance Officer shall reasonably deem necessary to assure the timely correction of such violations or potential violations through remedial actions described in the United States Treasury Regulations, or the Tax Exempt Bonds Voluntary Closing Agreement Program described in Treasury Notice 2009-31 or similar program instituted by the IRS.

(g) *Training.* The Compliance Officer shall undertake to maintain reasonable levels of knowledge concerning the rules related to tax-exempt bonds (and build America bonds and tax credit bonds to the extent the District has outstanding build America bonds or tax-credit bonds) so that such officer may fulfill the duties described in this Section. The Compliance Officer may consult with counsel, attend conferences and presentations of trade groups, read materials posted on various web sites, including the web site of the Tax-Exempt Bond function of the IRS, and use other means to maintain such knowledge. Recognizing that the Compliance Officer may not be fully knowledgeable in this area, the Compliance Officer may consult with outside counsel, consultants and experts to assist him or her in exercising his or her duties hereunder. The Compliance Officer will endeavor to make sure that the District's staff is aware of the need for continuing compliance. The Compliance Officer will provide copies of this Resolution and the Tax Exemption Certificate and Agreement or other applicable tax documents for each series of Tax-Exempt Obligations then currently outstanding (the "*Tax Agreements*") to staff members who may be responsible for taking actions described in such documents. The Compliance Officer will review this Resolution and each of the Tax Agreements periodically to determine if there are portions that need further explanation and, if so, will attempt to obtain such explanation from counsel or from other experts, consultants or staff.

(h) *Amendment and Waiver.* The District may amend this Section and any provision of this Section may be waived, without the consent of the holders of any Tax-Exempt Obligations and as authorized by passage of a resolution by the Board.

*Section 19. Severability.* If any section, paragraph, clause or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or

unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

*Section 20. Repeal.* All resolutions or parts thereof in conflict herewith be and the same are hereby repealed, and this Resolution shall be in full force and effect forthwith upon its adoption.

Adopted February 22, 2012.

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President, Board of Education

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Secretary, Board of Education

Member \_\_\_\_\_ moved and Member \_\_\_\_\_  
seconded the motion that said resolution as presented and read by title be adopted.

After a full discussion thereof, the President directed that the roll be called for a vote upon the motion to adopt said resolution.

Upon the roll being called, the following members voted AYE: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The following members voted NAY: \_\_\_\_\_

Whereupon the President declared the motion carried and said resolution adopted, approved and signed the same in open meeting and directed the Secretary to record the same in the records of the Board of Education of Community Consolidated School District Number 24, Lake County, Illinois, which was done.

Other business not pertinent to the adoption of said resolution was duly transacted at the meeting.

Upon motion duly made, seconded and carried, the meeting was adjourned.

\_\_\_\_\_  
Secretary, Board of Education

STATE OF ILLINOIS     )  
  ) SS  
COUNTY OF LAKE        )

**CERTIFICATION OF MINUTES AND RESOLUTION**

I, the undersigned, do hereby certify that I am the duly qualified and acting Secretary of the Board of Education of Community Consolidated School District Number 24, Lake County, Illinois (the “Board”), and as such official I am the keeper of the records and files of the Board.

I do further certify that the foregoing constitutes a full, true and complete transcript of the minutes of the meeting of the Board held on the 22nd day of February, 2012, insofar as same relates to the adoption of a resolution entitled:

RESOLUTION providing for the issue of not to exceed \$6,250,000 General Obligation Refunding School Bonds, Series 2012, of Community Consolidated School District Number 24, Lake County, Illinois, and for the levy of a direct annual tax sufficient to pay the principal and interest on said bonds.

a true, correct and complete copy of which said resolution as adopted at said meeting appears in the foregoing transcript of the minutes of said meeting.

I do further certify that the deliberations of the Board on the adoption of said resolution were conducted openly, that the vote on the adoption of said resolution was taken openly, that said meeting was called and held at a specified time and place convenient to the public, that notice of said meeting was duly given to all of the news media requesting such notice, that an agenda for said meeting was posted at the location where said meeting was held and at the principal office of the Board at least 96 hours in advance of the holding of said meeting, that said meeting was called and held in strict compliance with the provisions of the Open Meetings Act of the State of Illinois, as amended, and with the provisions of the School Code of the State of Illinois, as amended, and that the Board has complied with all of the provisions of said Act and said Code and with all of the procedural rules of the Board.

IN WITNESS WHEREOF, I hereunto affix my official signature, this 22nd day of February, 2012.

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Secretary, Board of Education

STATE OF ILLINOIS    )  
                                  ) SS  
COUNTY OF LAKE     )

**FILING CERTIFICATE**

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of The County of Lake, Illinois, and as such official I do further certify that on the \_\_\_\_ day of February, 2012, there was filed in my office a duly certified copy of a resolution entitled:

RESOLUTION providing for the issue of not to exceed \$6,250,000 General Obligation Refunding School Bonds, Series 2012, of Community Consolidated School District Number 24, Lake County, Illinois, and for the levy of a direct annual tax sufficient to pay the principal and interest on said bonds.

duly adopted by the Board of Education of Community Consolidated School District Number 24, Lake County, Illinois, on the 22nd day of February, 2012, and that the same has been deposited in the official files and records of my office.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of said County, this \_\_\_\_ day of February, 2012.

\_\_\_\_\_  
County Clerk of The County of Lake, Illinois

(SEAL)

STATE OF ILLINOIS    )  
                                  ) SS  
COUNTY OF LAKE     )

**FILING CERTIFICATE**

I, the undersigned, do hereby certify that I am the duly qualified and acting School Treasurer who receives the taxes of Community Consolidated School District Number 24, Lake County, Illinois (the “*District*”), and as such official I do further certify that on the 22nd day of February, 2012, there was filed in my office a duly certified copy of a resolution entitled:

RESOLUTION providing for the issue of not to exceed \$6,250,000 General Obligation Refunding School Bonds, Series 2012, of Community Consolidated School District Number 24, Series 2012, Lake County, Illinois, and for the levy of a direct annual tax sufficient to pay the principal and interest on said bonds.

duly adopted by the Board of Education of the District on the 22nd day of February, 2012, and that the same has been deposited in the official files and records of my office.

I do further certify that the description of the outstanding General Obligation School Bonds, Series 2004, dated May 1, 2004, of the District set forth in the Escrow Agreement referred to in Section 12 of said resolution is accurate, and that said bonds are presently outstanding and unpaid and are binding and subsisting legal obligations of the District and have never been refunded by the District.

IN WITNESS WHEREOF, I hereunto affix my official signature, this 22nd day of February, 2012.

\_\_\_\_\_  
School Treasurer