

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF EDUCATION,
SCHOOL DISTRICT NO. 119, ST. CLAIR COUNTY, ILLINOIS
AUGUST 4, 2009

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The Board of Education of the Belle Valley School District No. 119, St. Clair County, Illinois, met in a classroom, Belle Valley School-South, 1901 Mascoutah Road, Belleville, Illinois, in said District at 6:00 p.m. on Tuesday, August 4, 2009.

President Kunz called the meeting to order. The roll was called and the following members were present: Mr. Vaughn, Mrs. Collins, Mrs. Kunz, Mrs. Skillern, and Mr. Tiemann. Those absent: Mr. Byrd and Mr. Smith.

The Board of Education and others in attendance recited the pledge of allegiance.

President Kunz recommended adopting the board agenda. Mrs. Skillern moved to approve the board agenda. Mrs. Collins seconded the motion. All members in favor, motion carried.

Anne Noble, Stifel Nicolaus reviewed the 2009 building bond financing summary comparison. The Build America Bonds have increased to \$23 million and the Capital Appreciation Bonds are \$15 million. These bonds do not include Capital Development Board funding. The total interest cost included in the bond repayment is \$61 million. The bond proceeds is \$38,407,847.

President Kunz asked for more discussion on the bonds.

Mr. Vaughn moved to approve the bond resolution. Mr. Tiemann seconded the motion. All members in favor, motion carried. Members voting aye on the roll call: Mr. Vaughn, Mrs. Collins, Mrs. Kunz, Mrs. Skillern, and Mr. Tiemann. Nays: none, motion carried.

Minutes are continued on the resolution (2).doc.

MINUTES of a special public meeting of the Board of Education of School District Number 119, St. Clair County, Illinois, held at the Belle Valley South School Building, 1901 Mascoutah Avenue, Belleville, Illinois in said School District at 6:00 o'clock P.M., on the 4th day of August, 2009.

* * *

The meeting was called to order by the President, and upon the roll being called, Karen Kunz, 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 a proposal had been received from Stifel, Nicolaus & Company, Incorporated, St. Louis, Missouri, for the purchase of the District's general obligation school building bonds approved at the April 7, 2009 referendum and to be issued by the District pursuant to Section 19-3 of the School Code and that the Board of Education would consider the adoption of a resolution providing for the issue of said bonds 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 \$39,448,425.90 General Obligation School Bonds, Series 2009, of School District Number 119, St. Clair County, Illinois, and for the levy of a direct annual tax sufficient to pay the principal and interest on said bonds.

* * *

WHEREAS, the Board of Education (the "*Board*") of School District Number 119, St. Clair County, Illinois (the "*District*"), authorized the submission of the following proposition to the voters of the District at the consolidated election held on the 7th day of April, 2009 (the "*Election*");

Shall the Board of Education of Belle Valley School District Number 119, St. Clair County, Illinois, build and equip a school building, improve the site thereof, refinance debt incurred to acquire said site, demolish one or more school buildings and issue bonds of said School District to the amount of \$39,450,000 for the purpose of paying the costs thereof?

; and

WHEREAS, the County Clerk of The County of St. Clair, Illinois (the "*County Clerk*"), caused proper notice to be given of the Election (the "*Notice*") by (i) publishing the Notice once not more than 30 nor less than 10 days prior to the date of the Election in a local, community newspaper having general circulation in the District, and (ii) posting a copy of the Notice at least 10 days before the date of the Election at the principal office of the County Clerk; and

WHEREAS, the Secretary of the Board posted a copy of the Notice at the principal office of the District; and

WHEREAS, the Election was duly held in the manner provided by law, and it has heretofore been found, determined, declared and proclaimed that a majority of all the votes cast at the Election on said proposition was cast in favor of said proposition, and said proposition was properly carried; and

WHEREAS, the Board by the Election has heretofore been authorized to borrow the sum of \$39,450,000 to build and equip a school building, improve the site thereof, refinance debt incurred to acquire said site and demolish one or more school buildings (the "Project"), such money to be borrowed upon the credit of the District; and

WHEREAS, the Board deems it advisable, necessary and for the best interests of the District that \$39,448,425.90 of the bonds so authorized be issued at this time (the "Bonds"); and

WHEREAS, the Board does hereby determine that (i) the building and equipping of a new school building that is a part of the Project is required as a result of mine subsidence in an existing school building and because of the age and condition of another existing school building and (ii) the issuance of the Bonds is authorized by statute that exempts the debt incurred on the Bonds from the District's statutory debt limitation:

NOW, THEREFORE, Be It and It Is Hereby Resolved by the Board of Education of School District Number 119, St. Clair 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 the sum of \$39,450,000 upon the credit of the District and as evidence of such indebtedness to issue the Bonds in said amount, the proceeds of the Bonds to be used for the Project, and that it is necessary and for the best interests of the District that there be issued at this time \$39,448,425.90 of the Bonds so authorized.

Section 3. Bond Details. There shall be borrowed on the credit of and for and on behalf of the District the sum of \$39,448,425.90 for the purpose aforesaid. The Bonds of the District shall be issued in said amount and shall each be designated "General Obligation School

Bond, Series 2009.” The Bonds shall be further issued in two series, designated as the “Taxable General Obligation School Bonds, Series 2009A” (the “CIBs” or the “2009A Bonds”), and the “General Obligation Capital Appreciation School Bonds, Series 2009B” (the “CABs” or the “2009B Bonds”).

The CIBs shall be issued in the principal amount of \$23,880,000, shall be dated August 25, 2009, 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 CIB shall represent installments of principal maturing on more than one date), and shall be numbered 1 and upward. The CIBs shall become due and payable (subject to redemption as hereinafter described) on April 1 of each of the years, in the amounts and bearing interest per annum as follows:

YEAR OF MATURITY	PRINCIPAL AMOUNT	RATE OF INTEREST
2012	\$ 80,000	3.400%
2013	170,000	3.600%
2014	265,000	4.250%
2015	375,000	4.500%
2016	620,000	5.000%
2017	755,000	5.250%
2039	21,615,000	6.875%

The CIBs 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 CIBs is paid, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on April 1 and October 1 of each year, commencing on April 1, 2010. Interest on each CIB shall be paid by check or draft of UMB Bank, National Association, Kansas City, Missouri, as bond registrar and paying agent (the “Bond Registrar”), payable upon presentation in lawful money of the United States of America, to the person in whose name such CIB is registered at

the close of business on the 15th day of the month next preceding the interest payment date. The principal of the CIBs shall be payable in lawful money of the United States of America at the principal corporate trust office of the Bond Registrar.

The CABs shall be issued in the original principal amount of \$15,568,425.90, shall be dated the date of issuance thereof, and shall also bear the date of authentication, shall be in fully registered form, shall be in denominations of Original Principal Amounts (as defined in the following table) or any integral multiple thereof, each representing Compound Accreted Value (as hereinafter defined) at maturity (the "*Maturity Amount*") of \$5,000 or any integral multiple thereof (but no single CAB shall represent Compound Accreted Value maturing on more than one date) and shall be numbered 1 and upward. As used herein, the "*Compound Accreted Value*" of a CAB on any date of determination shall be an amount equal to the Original Principal Amount (or integral multiple thereof) plus an investment return accrued to the date of such determination at a semi-annual compounding rate which is necessary to produce the original yield to maturity for such CAB from the date of such CAB. The Compound Accreted Value of a CAB on any April 1 or October 1, commencing on October 1, 2009, is as specifically set forth in *Exhibit A* attached hereto. The Compound Accreted Value of any CAB on a date other than a April 1 or October 1 shall be determined conclusively by the Bond Registrar or a certified public accountant selected by the Bond Registrar by interpolating such Compound Accreted Value, using the straight line method, by reference to the Compound Accreted Values on the respective April 1 and October 1 immediately prior to and immediately subsequent to the date for which such determination is being made and the number of days elapsed since the respective April 1 or October 1 immediately prior to the date for which such determination is being made, calculated on the basis of a 360 day year consisting of twelve 30-day months. The CABs shall become due (subject to redemption as hereinafter described) on April 1 of the years, shall bear interest from

their date at the rates per annum in each case compounded semi-annually on each April 1 and October 1, commencing on October 1, 2009, which will provide the original yields to maturity until the respective maturity dates thereof, and shall be issued in the Original Principal Amount or any integral multiple thereof each representing \$5,000 Compound Accreted Value at maturity and in total aggregate Original Principal Amounts in each year as follows:

YEAR OF MATURITY	TOTAL AGGREGATE ORIGINAL PRINCIPAL AMOUNT	PER \$5,000 COMPOUND ACCRETED VALUE AT MATURITY (<i>"ORIGINAL PRINCIPAL AMOUNT"</i>)	ORIGINAL YIELD TO MATURITY
2018	\$ 622,125.00	\$3,456.25	4.34%
2019	444,532.50	2,147.50	9.00%
2020	462,127.50	1,966.50	9.00%
2021	757,383.25	2,858.05	4.88%
2022	792,158.40	2,667.20	5.05%
2023	827,731.70	2,500.70	5.16%
2024	856,078.40	2,326.30	5.31%
2025	878,224.60	2,157.80	5.46%
2026	896,069.30	1,995.70	5.61%
2027	913,850.60	1,849.90	5.73%
2028	932,267.10	1,720.05	5.82%
2029	948,350.70	1,596.55	5.91%
2030	956,269.05	1,473.45	6.02%
2031	956,685.00	1,351.25	6.15%
2032	955,114.80	1,238.80	6.27%
2033	953,895.40	1,138.30	6.37%
2034	967,026.50	1,061.50	6.40%
2036	1,448,536.10	833.45	6.85%

Interest on the CABs shall be payable only at the respective maturity and redemption dates thereof. The Compound Accreted Value of the CABs at maturity or the redemption price thereof shall be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the principal corporate trust office of the Bond Registrar.

The Bonds shall be signed by the President and Secretary of the Board, and shall be registered, numbered and countersigned by 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 or such other authorized person as the officers of the District may designate 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 with respect to the CIBs and for a like aggregate Original Principal Amount with respect to the CABs. Any fully registered CIB or CIBs may be exchanged at said office of the Bond Registrar for a like aggregate principal amount of CIB or CIBs of the same maturity of other authorized denominations. Any fully registered CAB or CABs may be exchanged at said office of the Bond Registrar for a like aggregate Original Principal Amount of CAB or CABs of the same 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 original principal amount of outstanding Bonds of each series and maturity authenticated by the Bond Registrar shall not exceed the authorized original principal amount of Bonds for such series and 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 calendar month next preceding any payment date on such Bond and ending at the opening of business on such 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, interest on, Compound Accreted Value of or redemption price of any Bond (the "*Payment Amount*") 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 the Payment Amount 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 Payment Amount 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 the Payment Amount 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 the Payment Amount 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 Payment Amount 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 the Payment Amount 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 to the registered owners of the CIBs at the close of business on the 15th day of the month next preceding the applicable 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 the Payment Amount 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) Optional Redemption. The Bonds due on and after April 1, 2021, shall be subject to redemption prior to maturity at the option of the District as a whole or in part, and if in part in integral multiples of \$5,000 (Compound Accreted Value at maturity with respect to the CABs) in any order of their maturity as determined by the District (less than all of the Bonds of a single series and maturity to be selected by the Bond Registrar), on April 1, 2019, and on any date thereafter, at a redemption price of par plus accrued interest to the redemption date for the CIBs and, for the CABs, at a redemption price equal to the Compound Accreted Value of such CABs on the redemption date.

(b) *Mandatory Redemption.* The CIBs due on April 1, 2039, 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 April 1 of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT
2036	\$1,950,000
2037	5,805,000
2038	6,535,000

The CABs due on April 1, 2036, are subject to mandatory redemption in integral multiples representing \$5,000 Compound Accreted Value at maturity, as selected by lot by the Bond Registrar, at a redemption price equal to the Compound Accreted Value of such Bonds on the redemption date, on April 1, 2035, in the Original Principal Amount of \$880,956.65 and with a Compound Accreted Value of \$4,940,735.10 on the redemption date.

The principal amounts of 2009A Bonds and the Compound Accreted Value of 2009B Bonds to be mandatorily redeemed in each year may be reduced through the earlier optional redemption thereof, with any partial optional redemptions of such Bonds credited against future mandatory redemption requirements in such order of the mandatory redemption dates as the District may determine. In addition, 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 or Compound Accreted Value thereof shall be credited against the mandatory redemption required on such next mandatory redemption date.

(c) *General.* The CIBs shall be redeemed only in the principal amount of \$5,000 and integral multiples thereof, and the CABs shall be redeemed only in Compound Accreted Values at maturity of \$5,000 or any integral multiple thereof. The District shall, at least forty-five (45)

days prior to any optional redemption date (unless a shorter time period shall be satisfactory to the Bond Registrar) notify the Bond Registrar of such redemption date and of the principal amount, Original Principal Amount, series and maturity or maturities of Bonds to be redeemed. For purposes of any redemption of less than all of the outstanding Bonds of a single series and maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot not more than sixty (60) days prior to the redemption date by the Bond Registrar, 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 of Bonds in principal amounts of \$5,000 and integral multiples thereof with respect to the CIBs and in Compound Accreted Values at maturity of \$5,000 or any integral multiple thereof with respect to the CABs.

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 (or Original 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 or Original 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.

Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed at the option of the District shall have been received by the Bond Registrar prior to the giving of such notice of redemption, such notice may, at the option of the District, state that said redemption shall be conditional upon the receipt of such moneys by the Bond Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice shall be of no force and effect, the District shall not redeem such Bonds, and the Bond Registrar shall give notice, in the same manner in which the notice of redemption shall have been given, that such moneys were not so received and that such Bonds will not be redeemed. Otherwise, prior to any redemption date, the District shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Subject to the provisions for a conditional redemption described above, 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 on the CIBs 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 series and maturity in the amount of the unpaid principal or unpaid Original Principal Amount thereof.

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. (a) Form of CIBs. The CIBs shall be in substantially the following form; *provided, however,* that if the text of the CIB is to be printed in its entirety on the front side of the CIB, then paragraph [2] and the legend, "See Reverse Side for Additional Provisions", shall be omitted and paragraphs [6] through [12] shall be inserted immediately after paragraph [1]:

(Form of CIB - Front Side)

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA

STATE OF ILLINOIS

COUNTY OF ST. CLAIR

SCHOOL DISTRICT NUMBER 119

TAXABLE GENERAL OBLIGATION SCHOOL BOND, SERIES 2009A

See Reverse Side for
Additional Provisions

Interest Maturity Dated
Rate: _____% Date: April 1, 20____ Date: August 25, 2009 CUSIP _____

Registered Owner:

Principal Amount:

[1] KNOW ALL MEN BY THESE PRESENTS, that School District Number 119, St. Clair 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 April 1 and October 1 of each year, commencing April 1, 2010, 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 UMB Bank, National Association, Kansas City, Missouri, 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. As additional security for the payment of the series of Bonds of which this Bond is one, the District has pledged the Build America Payments (as defined in the Bond Resolution) to the payment of the principal of and interest on the Bonds and the Compound Accreted Value of the District's General Obligation Capital Appreciation School Bonds, Series 2009B.

[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 School District Number 119, St. Clair County, Illinois, by its Board of Education, has caused this Bond to be signed by the President and Secretary of said Board of Education, and to be registered, numbered and countersigned by the School Treasurer who receives the taxes of the District, all as of the Dated Date identified above.

President, Board of Education

Registered, Numbered and Countersigned:

Secretary, Board of Education

School Treasurer

Date of Authentication: _____, 20__

CERTIFICATE
OF
AUTHENTICATION

Bond Registrar and Paying Agent:
UMB Bank, National Association
Kansas City, Missouri

This Bond is one of the Bonds described in the within mentioned resolution and is one of the Taxable General Obligation School Bonds, Series 2009A, of School District Number 119, St. Clair County, Illinois.

UMB BANK, NATIONAL ASSOCIATION,
as Bond Registrar

By _____
Authorized Officer

[Form of Bond - Reverse Side]

SCHOOL DISTRICT NUMBER 119

ST. CLAIR COUNTY, ILLINOIS

TAXABLE GENERAL OBLIGATION SCHOOL BOND, SERIES 2009A

[6] This Bond is one of a series of bonds issued by the District to build and equip a school building, improve the site thereof, refinance debt incurred to acquire said site and demolish one or more school buildings, 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 a majority of all votes cast on the proposition at an election duly called and held for that purpose in the District, and by the Board of Education of the District by [a resolution duly and properly adopted for that purpose (the "*Bond Resolution*")] [the Bond Resolution], in all respects as provided by law.

[7] Bonds of the issue and series of which this Bond is one due on April 1, 2039, 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 April 1 of the years and in the principal amounts as follows:

YEAR	PRINCIPAL AMOUNT
2036	\$1,950,000
2037	5,805,000
2038	6,535,000

[8] Bonds of the issue and series of which this Bond is one due on April 1, 2039, are subject to redemption prior to maturity at the option of the District as a whole or in part in integral multiples of \$5,000 in any order of their maturity as determined by the District (less than all the Bonds of a single maturity to be selected by lot by the Bond Registrar) April 1, 2019, and on any date thereafter, at the redemption price of par plus accrued interest to the redemption date.

[9] Notice of any such redemption shall be sent by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books of the District maintained by the Bond Registrar or at such other address as is furnished in writing by such registered owner to the Bond Registrar. When so called for redemption, this Bond will cease to bear interest on the specified redemption date, provided funds for redemption are on deposit at the place of payment at that time, and shall not be deemed to be outstanding.

[10] 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 Kansas City, Missouri, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond 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.

[11] The Bonds of this series 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 Bond 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 payment date on such Bond and ending at the opening of business on such 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.

[12] 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.

(b) *Form of CABs.* The CABs shall be in substantially the same form as the CIBs hereinabove set forth, except that the heading of the front side of the CABs and paragraphs [1], [3], [7], [9], [10], [11] and [12] shall be substantially the following form, and such other changes shall be made in the form of the Bond for the CABs in order to conform the same to the provisions of this Resolution:

(Form of CAB - Front Side)

REGISTERED
No. _____

REGISTERED
\$ _____
COMPOUND ACCRETED
VALUE AT MATURITY
("MATURITY AMOUNT")

UNITED STATES OF AMERICA

STATE OF ILLINOIS

COUNTY OF ST. CLAIR

SCHOOL DISTRICT NUMBER 119

GENERAL OBLIGATION CAPITAL APPRECIATION SCHOOL BOND, SERIES 2009B

See Reverse Side for
Additional Provisions

ORIGINAL YIELD TO MATURITY	MATURITY DATE	DATED DATE	ORIGINAL PRINCIPAL AMOUNT	CUSIP
____%	April 1, 20__	August 25, 2009	\$ _____	_____

Registered Owner:

[1] KNOW ALL MEN BY THESE PRESENTS, that School District Number 119, St. Clair 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 Maturity Amount identified above. The amount of interest payable on this Bond on the Maturity Date hereof is the amount of interest accrued from the Dated Date hereof at a semi-annual compounding rate necessary to produce the Original Yield to Maturity set forth above, compounded semi-annually on each April 1 and October 1, commencing October 1, 2009. The Maturity Amount or redemption price 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 UMB Bank, National Association,

Kansas City, Missouri, as bond registrar and paying agent (the "*Bond Registrar*"). The Compound Accreted Value of this Bond on April 1 and October 1 of each year, commencing October 1, 2009, determined by the semi-annual compounding described in this paragraph, shall be as set forth in the table of Compound Accreted Values attached to the resolution of the Board of Education of the District providing for the issuance hereof (the "*Bond Resolution*"). For the prompt payment of the Maturity Amount of this Bond, the full faith, credit and resources of the District are hereby irrevocably pledged.

[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 Maturity Amount hereof when due. As additional security for the payment of the series of Bonds of which this Bond is one, the District has pledged the Build America Payments (as defined in the Bond Resolution) to the payment of the Compound Accreted Value of the Bonds and the principal of and interest on the District's Taxable General Obligation School Bonds, Series 2009A.

[7] Bonds of the issue and series of Bonds of which this Bond is one of due on April 1, 2036, are subject to mandatory redemption in integral multiples representing \$5,000 Compound Accreted Value at maturity, as selected by lot by the Registrar, at a redemption price equal to the Compound Accreted Value of such Bonds on the redemption date, on April 1, 2035, in the Original Principal Amount of \$880,956.65 and with a Compound Accreted Value of \$4,940,735.10 on the redemption date.

[8] Bonds of the issue and series of which this Bond is one due on or after April 1, 2021, are subject to redemption prior to maturity at the option of the District as a whole or in part in integral multiples of \$5,000 of Maturity Amount in any order of their maturity as determined by the District (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on April 1, 2019, and on any date thereafter, at a redemption price equal to the Compound Accreted Value of such Bonds on the redemption date.

[10] 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 Kansas City, Missouri, 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 Original Principal Amount will be issued to the transferee in exchange therefor.

[11] The Bonds of this series are issued in fully registered form in an Original Principal Amount representing \$5,000 Maturity Amount or any integral multiple thereof. This Bond may be exchanged at the principal corporate trust office of the Bond Registrar for a like aggregate Original 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 fifteenth day of the calendar month next preceding any payment date on such Bond and ending at the opening of business on such 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.

[12] 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 the

Maturity Amount hereof and for all other purposes, and neither the District nor the Bond Registrar shall be affected by any notice to the contrary.

Section 8. Sale of Bonds. The Bonds hereby authorized shall be executed as in this Resolution provided as soon after the passage hereof as may be, and thereupon be deposited with the School Treasurer who receives the taxes of the District, and be by said Treasurer delivered to Stifel, Nicolaus & Company, Incorporated, St. Louis, Missouri (the "*Purchaser*"), upon receipt of the purchase price therefor, the same being \$23,712,840.00 for the CIBs and \$15,938,853.22 for the CABs; the contract for the sale of the Bonds heretofore entered into (the "*Purchase Contract*") is in all respects ratified, approved and confirmed, it being hereby found and determined that the Bonds have been sold at such price and bear interest at such rates that the true interest cost (yield) received upon such sale does not exceed the maximum rate otherwise authorized by Illinois law and that the Purchase Contract 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 financially interested directly in his own name or indirectly in the name of any other person, association, trust or corporation, in the Purchase Contract; the surety bond executed by said Treasurer in connection with the issuance of the Bonds as required by Section 19-6 of the School Code of the State of Illinois, as amended (the "*Act*"), is hereby approved and shall be filed with the Regional Superintendent of Schools having jurisdiction over the District; and the Bonds before being issued shall be registered, numbered and countersigned by said Treasurer, such registration being made in a book provided for that purpose, in which shall be entered the record of the election 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, net of the amount of Build America Payments (as hereinafter defined) anticipated to be collected by the District in each bond year (October 1 and April 1), 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:

2009	\$1,035,870.08	for interest up to and including April 1, 2011
2010	\$1,115,870.08	for interest and principal
2011	\$1,204,102.08	for interest and principal
2012	\$1,295,124.08	for interest and principal
2013	\$1,397,803.44	for interest and principal
2014	\$1,631,834.70	for interest and principal
2015	\$1,746,684.70	for interest and principal
2016	\$1,865,920.32	for interest and principal
2017	\$2,000,920.32	for interest and principal
2018	\$2,140,920.32	for interest and principal
2019	\$2,290,920.32	for interest and principal
2020	\$2,450,920.32	for interest and principal
2021	\$2,620,920.32	for interest and principal
2022	\$2,805,920.32	for interest and principal
2023	\$3,000,920.32	for interest and principal
2024	\$3,210,920.32	for interest and principal
2025	\$3,435,920.32	for interest and principal
2026	\$3,675,920.32	for interest and principal
2027	\$3,935,920.32	for interest and principal
2028	\$4,210,920.32	for interest and principal
2029	\$4,505,920.32	for interest and principal
2030	\$4,820,920.32	for interest and principal
2031	\$5,155,920.32	for interest and principal
2032	\$5,520,920.32	for interest and principal
2033	\$5,906,655.42	for interest and principal
2034	\$6,320,920.32	for interest and principal
2035	\$6,683,779.70	for interest and principal
2036	\$7,154,368.74	for interest and principal
2037	\$7,652,335.94	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.

Section 10. Filing of Resolution. 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 2009 to 2037, 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 to be designated "School Bond and Interest Fund of 2009" (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.

Section 11. Additional Pledged Security for the Bonds. As additional security for the payment of the Bonds and pursuant to Section 13 of the Debt Reform Act, the District pledges the Build America Payments to the payment of the principal of, interest on and Compound Accreted Value of the Bonds. All Build America Payments received by the District shall promptly be deposited into the Bond Fund and shall be fully spent to pay the principal of, interest on and Compounded Accreted Value of the Bonds when due.

Under Section 6431 of the Code (as hereinafter defined), an issuer of a "Qualified Build America Bond" may apply to receive payments (the "*Build America Payments*") directly from the Secretary of the U.S. Treasury. The amount of a Build America Payment is set forth in Section 6431 of the Code at 35 percent of the corresponding interest payable on the related Qualified Build America Bond. To receive each Build America Payment, under currently existing procedures, the District must file a tax return (now designated Form 8038-CP) between 90 and 45 days prior to the corresponding Bond interest payment date. The District should expect to receive the Build America Payment within 45 days of filing the return. Depending on the timing of the filing, the Build America Payment may be received before or after the corresponding interest payment date. The District and its officers will comply with all present and future applicable laws in order to assure that the Build America Payments will be collected as provided herein and deposited into the Bond Fund.

Section 12. Use of Bond Proceeds. Accrued interest, if any, received on the delivery of the 2009A Bonds and principal proceeds of the 2009A Bonds in the amount of \$619,662.28 are hereby appropriated for the purpose of paying first interest due on the 2009A Bonds and are hereby ordered deposited into the Bond Fund. The remaining principal proceeds of the 2009A Bonds, principal proceeds of the 2009B Bonds and any premium received on the delivery of the Bonds are hereby appropriated to pay the costs of issuance of the Bonds and for the purpose of paying the cost of the Project, and that portion thereof not needed to pay such costs of issuance is hereby ordered deposited into the Site and Construction/Capital Improvements Fund of the District (the "*Project Fund*"). 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. The District and the Board hereby covenant that all of the proceeds of the Bonds shall be used in

strict compliance with the authorization of the voters of the District at the Election and with all of the requirements of the Act.

Section 13. Non-Arbitrage and Tax-Exemption. The 2009A Bonds are not being issued on a tax-exempt basis under the Internal Revenue Code of 1986, as amended (the "Code"), and the Purchaser, by its acceptance of the 2009A Bonds, acknowledges this fact and the interest rate on the 2009A Bonds has been established as a taxable interest rate. This Section applies only to the 2009B Bonds and references to "Bonds" in this Section are to the 2009B Bonds.

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 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 Internal Revenue Service 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.

"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 5.6 hereof.

"Credit Facility" means the municipal bond insurance policy issued by the Credit Facility Provider.

"Credit Facility Provider" means Assured Guaranty Corp., New York, New York.

"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.

"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).

"Gross Proceeds" means amounts in the Bond Fund and the Project Fund.

"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.

"Private Business Use" means any use of the 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 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 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 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.

"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.

"*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).

"*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 to finance the Project 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. At least 75% of the sum of (i) Sale Proceeds plus (ii) all investment earnings thereon during the period ending on the date of completion of the Project, less (iii) Costs of Issuance paid from Sale Proceeds or investment earnings thereon, less (iv) Sale Proceeds or investment earnings thereon deposited in a reasonably required reserve or replacement fund, are expected to be used for construction purposes with respect to property owned by a governmental unit or a Section 501(c)(3) organization. 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. *The Project — Binding Commitment and Timing.* The District has incurred or will, within six months of the Closing, incur a substantial binding obligation (not subject to contingencies within the control of the District or any member of the same Controlled Group as the District) to a third party to expend at least five percent of the Net Sale Proceeds on the Project. It is expected that the work of acquiring and constructing the Project and the expenditure of amounts deposited into the Project Fund will continue to proceed with due diligence through August 25, 2012, at which time it is anticipated that all Sale Proceeds and investment earnings thereon will have been spent.

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 finance Capital Expenditures other than the following:

- (a) an amount not to exceed five percent of the Sale Proceeds for working capital expenditures directly related to Capital Expenditures financed by the Bonds;
- (b) payments of interest on the Bonds for a period commencing at Closing and ending on the later of the date three years after Closing or one year after the date on which the Project is Placed-in-Service;
- (c) Costs of Issuance and Qualified Administrative Costs of Investments;
- (d) payments of rebate or Yield Reduction Payments made to the United States under the Regulations;
- (e) principal of or interest on the Bonds paid from unexpected excess Sale Proceeds and investment earnings thereon;
- (f) fees for the Credit Facility; and
- (g) 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 for non-Capital Expenditures 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.* Not more than 50% of the Sale Proceeds and investment earnings thereon are or will be invested in investments (other than Qualified Tax Exempt Obligations) having a Yield that is substantially guaranteed for four years or more. 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.

It is expected that the Sale Proceeds deposited into the Project Fund, including investment earnings on the Project Fund, will be spent to pay costs of the Project and interest on the Bonds not later than the date set forth in paragraph 2.2 hereof, 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 Project Fund and 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 Project Fund and the Bond Fund have not been earmarked or restricted by the Board for a designated purpose.

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. 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 any 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.

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 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.

(e) The costs of the Project will be paid from the Project Fund and no other moneys (except for investment earnings on amounts in the Project Fund) are expected to be deposited therein.

3.2. *Purpose of Bond Fund.* 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 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 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.

3.3. *No Other Gross Proceeds.* (a) Except for the Bond Fund and the Project Fund, and except for investment earnings that have been commingled as described in paragraph 2.6 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 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) 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);
- (iv) 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;
- (v) 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

(vi) 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 economic life of the Project is at least 30 years. The weighted average maturity of the Bonds does not exceed 25 years and does not exceed 120 percent of the average reasonably expected economic life of the 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 President and Secretary of the Board and the School Treasurer of the District are 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 sold 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 plus, if only amounts in the Project Fund are subject to this yield limitation, 1/8th of one percent.

The following may be invested without Yield restriction:

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

(ii) amounts on deposit in the Project Fund that are reasonably expected to pay for the costs of the Project, costs of issuance of the Bonds, or interest on the Bonds during the three year period beginning on the date of issue of the Bonds prior to three years after Closing;

(iii) amounts in the Bond Fund to be used to pay capitalized interest on the Bonds prior to the earlier of three years after Closing or the payment of all capitalized interest;

(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 for a period of one year from the date received.

5.3. *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.

5.4. *Federal Guarantees.* Except for investments meeting the requirements of paragraph 5.2(a) hereof, 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 5.5 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.

5.5. *Investments After the Expiration of Temporary Periods, Etc.* After the expiration of the temporary period set forth in paragraph 5.2(a)(ii) hereof, amounts in the Project Fund may not 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). Any other amounts that are subject to the yield limitation in paragraph 5.2 hereof because paragraph 5.2(a) hereof is not applicable and amounts not subject to yield restriction only because they are described in paragraph 5.2(b) hereof, are also subject to the limitation set forth in the preceding sentence.

5.6. *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 Sale Proceeds plus investment earnings thereon will be 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 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 five percent of the sum of the Sale Proceeds and investment earnings thereon or \$5,000,000 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 Project other than a state or local governmental unit will use more than five percent of the Project, in the aggregate, 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) other than a "qualified 501(c)(3) bond" (as defined in Section 145 of the Code), (ii) as of the date hereof in calendar year 2009, the District has not issued any tax-exempt obligations of any kind other than the Bonds nor have any tax-exempt obligations of any kind been issued on behalf of the District and (iii) not more

than \$10,000,000 of obligations of any kind (including the Bonds) issued by or on behalf of the District during calendar year 2009 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 2009 it will issue any Section 265 Tax-Exempt Obligations (other than the Bonds), or that any Section 265 Tax-Exempt Obligations will be issued on behalf of it. "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 issue or permit the issuance on behalf of it or by any entity subject to Control by the District (which may hereafter come into existence) of Section 265 Tax-Exempt Obligations (including the Bonds) that exceed the aggregate amount of \$10,000,000 during calendar year 2009 unless it first obtains an opinion of Bond Counsel to the effect that such issuance will not adversely affect the treatment of the Bonds as "qualified tax-exempt obligations" for the purposes and within the meaning of Section 265(b)(3) of the Code.

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 Project.* (a) Other than as provided in the next sentence, neither the 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 Bond-financed property 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. *First Call Date Limitation.* The period between the date of Closing and the first call date of the Bonds due on or after April 1, 2021, is not more than 10-1/2 years. The Bonds due on April 1, 2020, are not callable. The District acknowledges that, as a result, should all or a portion of the Project be unexpectedly used in a Private Business Use, the District may be unable to maintain the tax exemption of interest on the Bonds due on April 1, 2020, by defeasing the Bonds due on April 1, 2020, to the earliest call date.

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 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. *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.

7.12. *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 on 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. Elections Concerning the 2009A Bonds. The District hereby makes an irrevocable election to apply Section 54 AA of the Code and Subsection 54 AA(g) of the Code to the 2009A Bonds and designates each of the 2009A Bonds as a "build America bond" within the meaning of Section 54 AA(d) of the Code and as a "qualified bond" within the meaning of Section 54 AA(g) of the Code. The District recognizes that as a result of these elections, interest on the 2009A Bonds shall be includable in gross income of the owners thereof for federal income

tax purposes and the owners of the 2009A Bonds will not be entitled to any tax credits with respect to the 2009A Bonds under Section 54 AA of the Code. The District also recognizes that it must take certain future actions and omit other future actions in order for the 2009A Bonds to remain "build America bonds." The District will only apply for tax credits under Section 6431 of the Code with respect to the 2009A Bonds if the District has not taken and does not intend to take any action, and has not omitted to take and does not intend to 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 2009A Bonds or facilities financed therewith) if taking, permitting or omitting to take such action would cause any of the 2009A Bonds to be an arbitrage bond or a private activity bond within the meaning of the Code, or would otherwise cause the 2009A Bonds to not be "build America bonds." The District acknowledges that, in the event of an examination by the Internal Revenue Service of the status of the 2009A 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 Internal Revenue Service in connection with such an examination. The Board hereby authorizes the officials of the District responsible for issuing the 2009A 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 regarding the specific use of the proceeds of the 2009A Bonds as approved by the Board and as may be necessary to assure that the use thereof will not cause the 2009A Bonds to be arbitrage bonds and to assure that the 2009A Bonds will be "build America bonds" to the extent that the District desires such 2009A Bonds to be "build America bonds." 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 2009A 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 2009A 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 15. 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 and 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.

Section 16. 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 17. 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 give notice of redemption of Bonds as provided herein;

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

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

(f) 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.

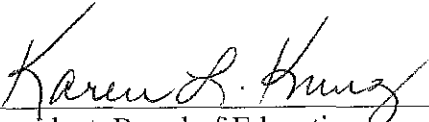
Section 18. Continuing Disclosure Undertaking. The President of the Board is hereby authorized, empowered and directed to execute and deliver a Continuing Disclosure Undertaking under Section (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission pursuant to the Securities Exchange 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 19. 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.

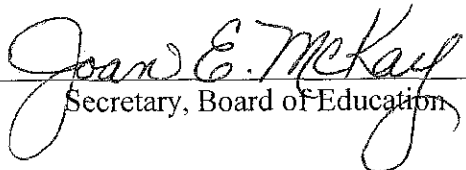
Section 20. Severability. If any section, paragraph, clause or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

Section 21. 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 August 4, 2009.



President, Board of Education



Secretary, Board of Education

EXHIBIT A

COMPOUND ACCRETED VALUE TABLE

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 School District Number 119, St. Clair 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 ST. CLAIR)

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 School District Number 119, St. Clair County, Illinois (the "Board"), and as such official I am the keeper of the records and files of the Board.

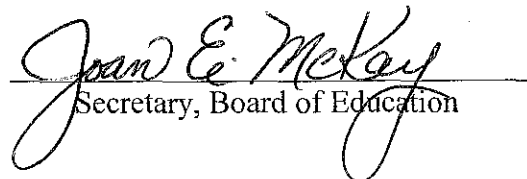
I do further certify that the foregoing constitutes a full, true and complete transcript of the minutes of the meeting of the Board held on the 4th day of August, 2009, insofar as same relates to the adoption of a resolution entitled:

RESOLUTION providing for the issue of \$39,448,425.90 General Obligation School Bonds, Series 2009, of School District Number 119, St. Clair 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 a true, correct and complete copy of said agenda as so posted is attached hereto as *Exhibit A*, 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 4th day of August, 2009.


Secretary, Board of Education

STATE OF ILLINOIS)
) SS
COUNTY OF ST. CLAIR)

FILING CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of The County of St. Clair, Illinois, and as such official I do further certify that on the ____ day of August, 2009, there was filed in my office a duly certified copy of a resolution entitled:

RESOLUTION providing for the issue of \$39,448,425.90 General Obligation School Bonds, Series 2009, of School District Number 119, St. Clair 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 School District Number 119, St. Clair County, Illinois, on the 4th day of August, 2009, 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 August, 2009.

County Clerk of The County of
St. Clair, Illinois

(SEAL)

STATE OF ILLINOIS)
) SS
COUNTY OF ST. CLAIR)

FILING CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting School Treasurer who receives the taxes of School District Number 119, St. Clair County, Illinois, and as such official I do further certify that on the 4th day of August, 2009, there was filed in my office a duly certified copy of a resolution entitled:

RESOLUTION providing for the issue of \$39,448,425.90 General Obligation School Bonds, Series 2009, of School District Number 119, St. Clair 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 said School District on the 4th day of August, 2009, 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, this 4th day of August, 2009.

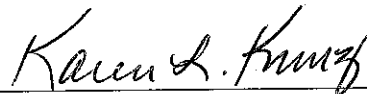
School Treasurer

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF EDUCATION,
SCHOOL DISTRICT NO. 119, ST. CLAIR COUNTY, ILLINOIS
AUGUST 4, 2009

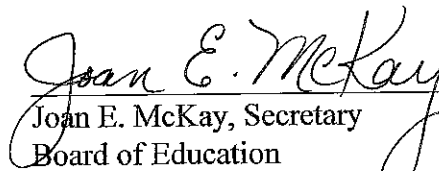
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Mr. Freemans discussed the demolition of the Belle Valley North Wing.

There being no further business to come before the Board of Education at this time, Mrs. Collins moved that the meeting adjourn. Mr. Tiemann seconded the motion. All members in favor, motion carried.



Karen L. Kunz, President
Board of Education
Belle Valley School District No. 119
St. Clair County, Illinois



Joan E. McKay, Secretary
Board of Education
Belle Valley School District No. 119
St. Clair County, Illinois