

## RESOLUTION

A RESOLUTION OF THE BOARD OF EDUCATION OF THE DOUGLAS COUNTY SCHOOL DISTRICT, NUMBER RE1, AUTHORIZING THE EXECUTION AND DELIVERY OF A SITE LEASE, A LEASE PURCHASE AGREEMENT, A CONTINUING DISCLOSURE CERTIFICATE, AN OFFICIAL STATEMENT, AND RELATED DOCUMENTS BY THE DISTRICT; APPROVING THE FORMS OF RELATED DOCUMENTS; AND PROVIDING FOR OTHER MATTERS RELATING THERETO.

WHEREAS, Douglas County School District, Number Re1, Douglas and Elbert Counties, Colorado (the "District") is a duly and regularly created, organized and existing school district, existing as such under and by virtue of the Constitution and laws of the State of Colorado; and

WHEREAS, the Board of Education of the District (the "Board") has the power, pursuant to Section 22-32-110(1) (b) and (c), Colorado Revised Statutes, to lease or rent, with or without an option to purchase, undeveloped or improved real property located within or outside the territorial limits of the District on such terms as the Board sees fit for use as school sites, buildings or structures, or for any school purpose authorized by law, and to provide furniture, equipment, library books and everything needed to carry out the education program of the District; and

WHEREAS, the Board has the power pursuant to Section 22-32-110(1)(f), Colorado Revised Statutes, to rent or lease district property not needed for its purposes for terms not exceeding ten years, provided that if the board anticipates that the District will become the subtenant of the property under a sublease, no finding that the property is not needed for district purposes is not needed and the term of the lease may not exceed fifty years; and

WHEREAS, for the functions or operation of the District, it is necessary that the District construct, renovate, equip and install certain capital improvements at various District facilities for school purposes as authorized by law (the "Project"); and

WHEREAS, the District owns, in fee title, a certain Site and the premises, buildings and improvements located thereon (the "Leased Property"), as further described in the Site Lease and the Lease (hereinafter defined); and

WHEREAS, the Board has determined, and now hereby determines, that it is in the best interest of the Board and its inhabitants that the District lease the Leased Property to UMB Bank, n.a., as trustee under the Indenture (the "Trustee") pursuant to a Site Lease between the District, as lessor, and the Trustee, as lessee (the "Site Lease"), and lease back the Trustees' interest in the Leased Property pursuant to the terms of a Lease Agreement (the "Lease") between the Trustee, as lessor, and the District, as lessee; and

WHEREAS, pursuant to the Lease, and subject to the right of the District to terminate the Lease and other limitations as therein provided, the District will pay certain Base Rentals and Additional Rentals (as such terms are defined in the Lease) in consideration for the right of the District to use the Leased Property; and

WHEREAS, the District's obligation under the Lease to pay Base Rentals and Additional Rentals shall be from year to year only; shall constitute currently budgeted expenditures of the District; shall not constitute a mandatory charge or requirement in any ensuing budget year; and shall not constitute a general obligation or other indebtedness or multiple fiscal year financial obligation of the District within the meaning of any constitutional, statutory limitation or requirement concerning the creation of indebtedness or multiple fiscal year financial obligation, nor a mandatory payment obligation of the District in any ensuing fiscal year beyond any fiscal year during which the Lease shall be in effect; and

WHEREAS, the Trustee will enter into an Indenture of Trust (the "Indenture") pursuant to which there is expected to be issued certain certificates of participation (the "2014 Certificates") dated as of their date of delivery that shall evidence proportionate interests in the right to receive certain Revenues (as defined in the Lease), shall be payable solely from the sources therein provided and shall not directly or indirectly obligate the District to make any payments beyond those appropriated for any fiscal year during which the Lease shall be in effect; and

WHEREAS, the net proceeds of the 2014 Certificates are expected to be used to finance the Project; and

WHEREAS, there has also been presented to this meeting of the Board the form of Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"); and

WHEREAS, there will be executed and distributed in connection with the sale of the 2014 Certificates an Official Statement (the "Official Statement") in substantially the form of the Preliminary Official Statement (the "Preliminary Official Statement") relating to the 2014 Certificates as approved by the Chief Financial Officer of the District; and

WHEREAS, Section 11-57-204 of the Supplemental Public Securities Act, constituting Title 11, Article 57, Part 2, Colorado Revised Statutes, as amended (the "Supplemental Act"), provides that a public entity, including the District, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Act; and

WHEREAS, there has been presented to the Board and are on file at the District offices the following: (i) the proposed form of the Site Lease; (ii) the proposed form of the Lease; (iii) the proposed form of the Continuing Disclosure Certificate to be provided by the District (the "Disclosure Certificate"); and (iv) the form of Preliminary Official Statement (the "Preliminary Official Statement") relating to the 2014 Certificates; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Lease and the Site Lease.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF EDUCATION OF DOUGLAS COUNTY SCHOOL DISTRICT, NUMBER RE1, DOUGLAS AND ELBERT COUNTIES, COLORADO, THAT:

Section 1. Ratification and Approval of Prior Actions. All action heretofore taken (not inconsistent with the provisions of this resolution) by the Board or the officers, agents or employees of the Board or the District relating to the Site Lease, the Lease, the implementation of the Project, and the execution and delivery of the 2014 Certificates is hereby ratified, approved and confirmed.

Section 2. Finding of Best Interests. The Board hereby finds and determines, pursuant to the Constitution and the laws of the State of Colorado that the acquisition, implementation of the Project and financing the costs thereof pursuant to the terms set forth in the Site Lease and the Lease are necessary, convenient, and in furtherance of the District's purposes and are in the best interests of the inhabitants of the District and the Board hereby authorizes and approves the same.

Section 3. Supplemental Act; Parameters. The Board hereby elects to apply all of the provisions of the Supplemental Act to the Lease and the Site Lease and in connection therewith delegates to any member of the Board, the Superintendent and the Chief Financial Officer the authority to make any determination delegable pursuant to Section 11-57-205(1)(a-i), Colorado Revised Statutes, in relation to the Lease and the Site Lease, and to execute a sale certificate (the "Sale Certificate") setting forth such determinations, including without limitation, the term of the Site Lease, the rental amount to be paid by the Trustee pursuant to the Site Lease, the term of the Lease and the rental amount to be paid by the County pursuant to the Lease, subject to the following parameters and restrictions:

- (a) the Site Lease Term shall not exceed the Lease Term by more than ten years;
- (b) the aggregate principal amount of the Base Rentals relating to the 2014 Certificates shall not exceed \$15,500,000;
- (c) the Lease Term shall end no later than June 30, 2040;
- (d) the Lease shall be subject to prepayment at the option of the as provided in the Sale Certificate, without prepayment penalty;
- (e) the purchase price of the 2014 Certificates shall not be less than 98.0%;
- (f) the maximum annual and maximum total amount of the Base Rentals (principal and interest) relating to the 2014 Certificates shall not exceed \$1,155,000 and \$28,875,000 respectively; and
- (g) the maximum net effective interest rate on the interest component of the Base Rentals relating to the 2014 Certificates shall not exceed 5.50%.

Pursuant to Section 11-57-205 of the Supplemental Act, the Board hereby delegates to the any member of the Board, the Superintendent and the Chief Financial Officer the

independent authority to sign a contract for the purchase of the 2014 Certificates or to accept a binding bid for the 2014 Certificates and to execute any agreement or agreements in connection therewith. In addition, any member of the Board, the Superintendent and the Chief Financial Officer are hereby independently authorized to determine if obtaining an insurance policy for all or a portion of the 2014 Certificates is in the best interests of the District, and if so, to select an insurer to issue an insurance policy, execute a commitment relating to the same and execute any related documents or agreements required by such commitment. Any member of the Board, the Superintendent and the Chief Financial Officer are also each hereby authorized to independently determine if obtaining a reserve fund insurance policy for the 2014 Certificates is in the best interests of the District, and if so, to select a surety provider to issue a reserve fund insurance policy and execute any related documents or agreements required by such commitment.

The Board hereby agrees and acknowledges that the proceeds of the 2014 Certificates will be used to finance the costs of the Project and to pay other costs of issuance.

Section 4. Approval of Documents. The Site Lease, the Lease, and the Disclosure Certificate, in substantially the forms presented to the Board and on file with the District, are in all respects approved, authorized and confirmed, and the President, or in his or her absence, the Vice President of the Board is hereby authorized and directed for and on behalf of the District to execute and deliver the Site Lease, the Lease, and the Disclosure Certificate in substantially the forms and with substantially the same contents as presented to the Board, provided that such documents may be completed, corrected or revised as deemed necessary by the parties thereto in order to carry out the purposes of this resolution.

Section 5. Approval of Official Statement. A final Official Statement, in substantially the form of the Preliminary Official Statement presented to the Board and on file with the District, is in all respects approved and authorized. The President or the Vice President of the Board are hereby authorized and directed, for and on behalf of the District, to execute and deliver the final Official Statement in substantially the form and with substantially the same content as the Preliminary Official Statement on file with the District, with such changes as may be approved by any member of the Board or the Finance Director. The distribution of the Preliminary Official Statement and the final Official Statement to all interested persons in connection with the sale of the 2014 Certificates is hereby ratified, approved and authorized.

Section 6. Authorization to Execute Collateral Documents. The Secretary is hereby authorized and directed to attest all signatures and acts of any official of the District in connection with the matters authorized by this resolution and to place the seal of the District on any document authorized and approved by this resolution. The President, Vice President, the Secretary and other appropriate officials or employees of the District are hereby authorized and directed to take all action necessary or appropriate to effectuate the provisions of this resolution, including without limiting the generality of the foregoing, executing, attesting, authenticating and delivering for and on behalf of the District any and all necessary documents, instruments or certificates and performing all other acts that they deem necessary or appropriate in order to implement and carry out the transactions and other matters authorized by this resolution. The approval hereby given to the various documents referred to above includes an approval of such additional details therein as may be necessary and appropriate for their completion, deletions therefrom and additions thereto as may be approved by bond counsel prior to the execution of the documents. The execution of any document or instrument by the aforementioned officers or

members of the Board shall be conclusive evidence of the approval by the District of such document or instrument in accordance with the terms hereof and thereof.

Section 7. No General Obligation Debt. No provision of this resolution, the Site Lease, the Lease, the Indenture, the 2014 Certificates, the Preliminary Official Statement, or the final Official Statement shall be construed as creating or constituting a general obligation or other indebtedness or multiple fiscal year financial obligation of the District within the meaning of any constitutional, statutory provision, nor a mandatory charge or requirement against the District in any ensuing fiscal year beyond the then current fiscal year. The District shall have no obligation to make any payment with respect to the 2014 Certificates except in connection with the payment of the Base Rentals (as defined in the Lease) and certain other payments under the Lease, which payments may be terminated by the District in accordance with the provisions of the Lease. Neither the Lease nor the 2014 Certificates shall constitute a mandatory charge or requirement of the District in any ensuing fiscal year beyond the then current fiscal year or constitute or give rise to a general obligation or other indebtedness or multiple fiscal year financial obligation of the District within the meaning of any constitutional or statutory debt limitation and shall not constitute a multiple fiscal year direct or indirect debt or other financial obligation whatsoever. No provision of the Site Lease, the Lease or the 2014 Certificates shall be construed or interpreted as creating an unlawful delegation of governmental powers nor as a donation by or a lending of the credit of the District within the meaning of Sections 1 or 2 of Article XI of the Colorado Constitution. Neither the Lease nor the 2014 Certificates shall directly or indirectly obligate the District to make any payments beyond those budgeted and appropriated for the District's then current fiscal year.

Section 8. Reasonableness of Rentals. The Board hereby determines and declares that the Base Rentals due under the Lease, in the maximum amounts authorized pursuant to Section 3 hereof, constitute the fair rental value of the Leased Property and do not exceed a reasonable amount so as to place the District under an economic compulsion to renew the Lease or to exercise its option to purchase the Trustee's leasehold interest in the Leased Property pursuant to the Lease. The Board hereby determines and declares that the period during which the District has an option to purchase the Trustee's leasehold interest in the Leased Property (i.e., the entire maximum term of the Lease) does not exceed the useful life of the Leased Property. The Board hereby further determines that the amount of rental payments to be received by the District from the Trustee pursuant to the Site Lease is reasonable consideration for the leasing of the Leased Property to the Trustee for the term of the Site Lease as provided therein.

Section 9. No Recourse against Officers and Agents. Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Board, or any officer or agent of the District acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the principal, interest or prior redemption premiums on the 2014 Certificates. Such recourse shall not be available either directly or indirectly through the Board or the District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the 2014 Certificates and as a part of the consideration of their sale or purchase, any person purchasing or selling such 2014 Certificate specifically waives any such recourse.



Section 10. Severability. If any one or more sections, sentences, clauses or parts of this resolution shall for any reason be held invalid, such judgment shall not affect, impair, or invalidate the remaining provisions of this resolution, but shall be confined in its operation to the specific sections, sentences, clauses or parts of this resolution so held unconstitutional or invalid, and the inapplicability and invalidity of any section, sentence, clause or part of this resolution in any one or more instances shall not affect or prejudice in any way the applicability and validity of this resolution in any other instances.

Section 11. Repealer. All bylaws, orders, and resolutions, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revise any bylaw, order, or resolution, or part thereof, heretofore repealed.

Section 12. Interpretation. This resolution shall be so interpreted and construed as to effectuate its general purpose.

Section 13. Effective Date. This resolution shall be in full force and effect upon its passage and adoption.

PASSED, ADOPTED AND APPROVED this February 18, 2014.

DOUGLAS COUNTY SCHOOL DISTRICT,  
NUMBER RE1, DOUGLAS AND ELBERT  
COUNTIES, COLORADO

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

(SEAL)

ATTEST:

  
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Secretary of the Board of Education