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**CONTINUING DISCLOSURE AGREEMENT**

**FROM**

**PCS BUILDING COMPANY**

**AND**

**PACT CHARTER SCHOOL**

**TO**

**WELLS FARGO BANK, NATIONAL ASSOCIATION,  
AS TRUSTEE**

**PACT CHARTER SCHOOL PROJECT**

\_\_\_\_\_  
Dated \_\_\_\_\_, 2013  
\_\_\_\_\_

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This instrument was drafted by:

Best & Flanagan LLP  
225 South Sixth Street, Suite 4000  
Minneapolis, Minnesota 55402  
(612) 339-7121

## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”), dated as of \_\_\_\_\_, 2013, is executed and delivered by PCS Building Company, (the “Borrower”), a Minnesota nonprofit corporation and 501(c)(3) organization, and PACT Charter School, a Minnesota non-profit corporation and a 501(c)(3) organization, (the “School”), in connection with the issuance of \$\_\_\_\_\_ \* Charter School Lease Revenue Bonds (PACT Charter School Project), Series 2013A and \$\_\_\_\_\_ \* Taxable Charter School Lease Revenue Bonds (PACT Charter School Project), Series 2013B (collectively, the “Series 2013 Bonds” or the “Securities”) by the City of Ramsey, Minnesota (the “Issuer”). The Securities are being issued pursuant to an Indenture of Trust dated as of \_\_\_\_\_, 2013 (the “Indenture”) by and between the Issuer and Wells Fargo Bank, National Association, as Trustee (the “Trustee”). The proceeds of the Securities are being loaned by the Issuer to the Borrower pursuant to a Loan Agreement dated \_\_\_\_\_, 2013 (collectively, the “Loan Agreement”). Pursuant to the Loan Agreement, the Borrower has covenanted and agreed to provide and to cause the School to provide the continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events.

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Borrower, the School, and the Trustee for the benefit of the holders and beneficial owners of the Securities in order to assist the Underwriter (defined herein) within the meaning of the Rule (defined herein) in complying with the Rule. This Disclosure Agreement constitutes the written undertaking required by the Rule. The Borrower and the School acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and has no liability to any person including any Holder of the Bonds, for any such reports, notices or disclosures.

Section 2. Definitions. In addition to the defined terms set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this section, the following capitalized terms shall have the following meanings:

“Annual Report” will mean any annual report provided by the Borrower or the School pursuant to, and as described in, this Disclosure Agreement.

“Borrower’s Annual Report” means any annual report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Borrower’s Audited Financial Statements” means the Borrower’s annual financial statements, prepared in accordance with generally accepted accounting principles (“GAAP”).

“Borrower’s Disclosure Representative” means the Chair of the Borrower or his/her designee or such other person as the Borrower shall designate in writing to the Trustee from time to time.

“Borrower’s Fiscal Year” means the fiscal year of the Borrower.

“EMMA” shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule and further described in Section 4 hereof.

“Fiscal Year” will mean each year ending June 30, commencing with the Fiscal Year ending June 30, 2013.

“Issuer” means the City of Ramsey, Minnesota.

“Listed Event” means any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” will mean the Municipal Securities Rulemaking Board, c/o CDI Net, 1900 Duke Street, Suite 600, Alexandria, VA 22314; Phone: (703) 797-6000; Fax: (703) 683-1930.

“Notice of Listed Event” will mean any notice provided by the Borrower pursuant to, and as described in, the section below entitled “Reporting of Listed Events.”

“Repository” will mean the MSRB through EMMA or any other entity or system designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule.

“Rule” will mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Act of 1934, as the same may be amended from time to time.

“School’s Annual Report” means any annual report provided by the School pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“School’s Audited Financial Statements” means the School’s annual financial statements, prepared in accordance with GAAP.

“School’s Fiscal Year” means the fiscal year of the School.

“SEC” means the Securities Exchange Commission.

“Underwriter” means Dougherty & Company LLC and its successors and assigns.

Section 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) The Borrower shall, or shall cause the Trustee to, not later than one hundred fifty (150) days after the end of the Borrower’s Fiscal Year commencing with the year that ends June 30, 2013, provide each Repository with the Borrower’s Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The School shall, or shall cause the Trustee to, not later than one hundred fifty (150) days after the end of the School’s Fiscal Year commencing with the year that ends June 30, 2013, provide each Repository with the School’s Annual Report which is consistent with the requirements of Section 4 of this Disclosure

Agreement. If the Trustee is to provide any such Annual Report to each Repository, not later than fifteen (15) Business Days prior to said date, the Borrower and the School shall provide their respective Annual Report to the Trustee. The Borrower and the School shall provide a written certification with the Annual Reports furnished to the Trustee to the effect that such Annual Reports constitute the Annual Reports required to be furnished by the Borrower and the School hereunder. The Annual Reports may each be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the Borrower's Audited Financial Statements may be submitted separately from the balance of the Borrower's Annual Report and the School's Audited Financial Statements may be submitted separately as the School's Annual Report. The Trustee's obligation to deliver the information at the times and with the contents described above shall be limited to the extent the Borrower and the School have provided such information to the Trustee as required hereby.

(b) If by fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to each Repository, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Borrower and the School, as appropriate, to inquire if the Borrower and the School are in compliance with subsection (a).

(c) If the Borrower and the School, as appropriate, do not provide a written certification to the Trustee to the effect that an Annual Report has been provided to the Repositories by the date required in subsection (a), the Trustee shall send a notice to each Repository in substantially the form attached as Exhibit A.

(d) The Trustee shall to the extent the Borrower and the School have provided the Annual Report to the Trustee, file a report with the Borrower and the School certifying that the information represented to the Trustee by the Borrower and the School as the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

#### Section 4. Content of Annual Reports.

(a) The Borrower's Annual Report shall contain or incorporate by reference the following:

(i) The Borrower's Audited Financial Statements for the prior Borrower's Fiscal Year, containing balance sheets as of the end of such Borrower's Fiscal Year and a statement of operations, changes in fund balance and cash flows for Borrower's Fiscal Year then ended, audited by a certified public accountant retained by the Borrower. If the Borrower's Audited Financial Statements are not available by the time the Borrower's Annual Report is required to be filed pursuant to Section 3(a), the Borrower's Annual Report shall contain unaudited financial statements prepared by the Borrower in a format similar to the financial statements contained in the Official Statement, and the Borrower's Audited Financial Statements shall be filed in the same manner as the Borrower's Annual Report when they become available; and

(ii) A summary report for the prior Borrower's Fiscal Year which includes information consistent with the information relating to the Borrower in the Official Statement under the headings "THE COMPANY," "THE SCHOOL," and "THE PROJECT," and in Appendix A.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt with respect to which the Borrower is an "obligated person" (as defined by the Rule), which have been submitted to each of the Repositories or the SEC. If the document incorporated by reference is an Official Statement, it must also be available from the MSRB. The Borrower shall clearly identify each such other document so incorporated by reference.

(b) The School's Annual Report shall contain or incorporate by reference the School's Audited Financial Statements for the prior School's Fiscal Year, containing balance sheets as of the end of such School's Fiscal Year and a statement of operations, changes in fund balance and cash flows for the School's Fiscal Year then ended, audited by a certified public accountant retained by the School. If the School's Audited Financial Statements are not available by the time the School's Annual Report is required to be filed pursuant to Section 3(a), the School's Annual Report shall contain unaudited financial statements prepared by the School in a format similar to the financial statements contained in the Official Statement, and the School's Audited Financial Statements shall be filed in the same manner as the School's Annual Report when they become available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt with respect to which the School is an "obligated person" (as defined by the Rule), which have been submitted to each of the Repositories or the SEC. If the document incorporated by reference is an Official Statement, it must also be available from the MSRB. The School shall clearly identify each such other document so incorporated by reference.

#### Section 5. Reporting of Listed Events.

(a) The Company and the School shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Securities not later than ten (10) business days after the occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;

- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series 2013 Bonds, or other material events affecting the tax-exempt status of the Series 2013 Bonds;
- (7) Modification to rights of the holders of the Securities;
- (8) Securities calls (other than pursuant to mandatory sinking fund redemption), if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Borrower;
- (13) The consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material; and
- (15) Changes or delays in the schedule of funding to charter schools from the State of Minnesota.

(b) The Trustee shall, within one (1) business day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that the Borrower or the School promptly notify the Trustee in writing whether or not to report the event pursuant to subsection (f). For purposes of this Disclosure Agreement, “actual knowledge” of such Listed Events shall mean knowledge by an officer of the Trustee at its Corporate Trust Office with the responsibility for matters related to the Indenture.

(c) Whenever the Borrower or the School obtains actual knowledge of the occurrence of a Listed Event, because of a notice from the Trustee pursuant to subsection (b) or otherwise, the Borrower or the School shall as soon as possible determine if such event is required to be reported.

(d) If the Borrower or the School has determined such event is required to be reported, the Borrower or the School shall promptly notify the Trustee and the Significant Bondholders in writing. Such notice shall instruct the Trustee to report the occurrence pursuant to subsection (f).

(e) If, in response to a request under subsection (b), the Borrower or the School determines that the event is not required to be reported, the Borrower or the School shall so notify the Trustee and the Significant Bondholders in writing and instruct the Trustee not to report the occurrence pursuant to subsection (f).

(f) If the Trustee has been instructed by the Borrower or the School to report the occurrence of a Listed Event, the Trustee shall file a notice of such occurrence with each Repository with a copy to the Significant Bondholders, the Borrower and the School, and a copy to the Rating Agency of any Listed Events described in subsections (a)(1) and (2). Notwithstanding the foregoing:

Section 6. Filing Methods. Any filing under the Disclosure Agreement shall be made by transmitting such filing to the MSRB, through EMMA, as provided at <http://www.emma.msrb.org> or any similar system that is acceptable to the United States Securities and Exchange Commission.

Section 7. Termination of Reporting Obligations. The obligations of the Borrower, the School and the Trustee under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all the Securities. If the Borrower's obligations under the Loan Agreement are assumed in full by some other entity, other than the School, or if the obligations of the School under the Assumption Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Borrower, and the original Borrower shall have no further responsibility hereunder.

Section 8. Agent. The Borrower and the School may, from time to time, appoint or engage a dissemination agent to assist them in carrying out their obligations under this Disclosure Agreement, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent. The dissemination agent may resign at any time by providing thirty (30) days' notice to the Borrower and the School.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borrower, the School and the Trustee may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Borrower or type of business conducted; (ii) the Disclosure Agreement, as amended or affected by such waiver would have complied with the requirements of the Rule at the time of the primary offering of the Series 2013 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) such amendment or waiver does not materially impair the interests of the owners of the Series 2013 Bonds, as

determined either by parties (such as the bond counsel) unaffiliated with the Borrower or the Issuer or by an approving vote of the registered owners of the Series 2013 Bonds pursuant to the terms of the Resolution at the time of the amendments.

The Annual Report containing amended operating data or financial information resulting from such amendment or waiver, if any, will explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison will include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Borrower to meet its obligations. To the extent reasonably feasible, such comparison also will be quantitative. If the accounting principles of the Borrower change, the Borrower will, or will cause the Trustee to, provide a copy of such notice to the Issuer and give notice of such change in the same manner as for a Notice of Listed Event. The Borrower will, or will cause the Trustee to, provide a copy of such notice to the Issuer.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower and the School from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Borrower or the School chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Borrower and the School shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Borrower, the School or the Trustee to comply with any provision of this Disclosure Agreement, the Significant Bondholders or any Holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Borrower, the School or the Trustee to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Agreement in the event of any failure of the Borrower, the School or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Trustee. The Trustee shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Borrower agrees to indemnify and save the Trustee and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses

(including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Trustee's negligence or willful misconduct. The Trustee shall have no duty or obligation to review or verify any information provided to it by the Borrower or the School or to determine the materiality of a Listed Event and shall not be deemed to be acting in any fiduciary capacity for the Borrower, the Holders or any other party. The Trustee shall have no responsibility for the Borrower's failure to report a Listed Event to the Trustee. The obligations of the Borrower under this Section shall survive resignation or removal of the Trustee and payment of the Securities.

Section 13. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Minnesota.

Section 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Borrower, the School, the Trustee, the Underwriter, the Holders and beneficial owners from time to time of the Securities, and shall create no rights in any other person or entity.

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**WELLS FARGO BANK, NATIONAL  
ASSOCIATION,**  
as Trustee

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

**SIGNATURE PAGE TO CONTINUING DISCLOSURE AGREEMENT**

**PACT CHARTER SCHOOL ,**  
a Minnesota non-profit corporation

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

**SIGNATURE PAGE TO CONTINUING DISCLOSURE AGREEMENT**

**PCS BUILDING COMPANY,**  
a Minnesota non-profit corporation

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

**SIGNATURE PAGE TO CONTINUING DISCLOSURE AGREEMENT**

**EXHIBIT A**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: City of Ramsey, Minnesota

Name of Bond Issue: \$\_\_\_\_\_ \* City of Ramsey, Minnesota  
Charter School Lease Revenue Bonds (PACT  
Charter School Project), Series 2013A and  
\$\_\_\_\_\_ \* City of Ramsey, Minnesota  
Taxable Charter School Lease Revenue Bonds  
(PACT Charter School Project), Series 2013B  
(collectively, the "Bonds")

Name of Borrower: PCS Building Company

Date of Issuance: \_\_\_\_\_, 2013

NOTICE IS HEREBY GIVEN that the Borrower has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of \_\_\_\_\_, 2013, among the Borrower, PACT Charter School and Wells Fargo Bank, National Association, as Trustee. The Borrower/The School has notified the Trustee that it anticipates that the Annual Report will be filed on \_\_\_\_\_, 20\_\_.

Dated: \_\_\_\_\_

**WELLS FARGO BANK, NATIONAL  
ASSOCIATION,**  
as Trustee, on behalf of the Borrower and the School

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cc: Borrower