

Fillmore Central School
Board of Education
Regular Meeting
June 24, 2014

The regular meeting of the Board of Education for Independent District #2198, Preston, Minnesota was called to order at 6:35 p.m. on the evening of Tuesday, June 24, 2014, in the Fillmore Central Elementary School meeting room by Chairman Kiehne. Present: Superintendent Richard Keith, Bookkeeper Darla Ebner, Board Members: Britton, Kiehne, Love, Sikkink and Topness. Absent: Ellis and Ristau. Visitors: Heath Olstad, Chris Mensink, Michelle Breitsprecher, Mr. & Mrs. Michael Johnson, Bretta Grabau, and Jade Sexton.

Recognition of visitors: None.

Love moved to approve the agenda as presented. Motion seconded by Topness. Motion carried unanimously.

Love moved to approve the minutes of the May 27, 2014, regular board meeting as presented. Motion seconded by Britton. Motion carried unanimously.

Sikkink moved to approve the monthly claims totaling \$367,279.12. Motion seconded by Britton. Motion carried unanimously.

Chris Mensink presented the Dean of Students' report.

Heath Olstad presented the Principal's report.

Michael Johnson presented a donation of \$2,300 to the Fillmore Central milk assistance fund. The funds were raised from the 2nd Annual Milk Fun(d) Run.

Britton moved to accept the donation to the milk assistance fund. Motion seconded by Sikkink. Motion carried unanimously.

Love moved to approve a change in total alternative facilities/capital facilities project costs to \$4,565,000. Motion seconded by Topness. Motion carried unanimously.

Discussion was held regarding the resolution authorizing general obligation bonds. Action tabled.

Member Love introduced the following resolution and moved its adoption, which motion was seconded by Member Sikkink

RESOLUTION RELATING TO THE FINANCING OF A PROPOSED PROJECT TO BE
UNDERTAKEN BY THE SCHOOL DISTRICT; ESTABLISHING COMPLIANCE WITH
REIMBURSEMENT BOND REGULATIONS UNDER THE INTERNAL REVENUE
CODE

BE IT RESOLVED by the School Board (the Board) of Independent School District No. 2198 (Fillmore Central), Minnesota (the School District) as follows:

1. Recitals.

- (a) The Internal Revenue Service has issued Section 1.150-2 of the Income Tax Regulations (the Regulations) dealing with the issuance of tax-exempt obligations all or a portion of the proceeds of which are to be used to reimburse the School District for project expenditures made by the School District prior to the date of issuance (the Reimbursement Obligations).
- (b) The Regulations generally require that the School District make a declaration of its official intent to reimburse itself for such prior expenditures out of the proceeds of a subsequently

issued series of tax-exempt obligations within 60 days after payment of the expenditures, that such obligations be issued and the reimbursement allocation be made from the proceeds of such obligations within the reimbursement period (as defined in the Regulations), and that the expenditures reimbursed be capital expenditures or costs of issuance of the obligations.

- (c) The School District desires to comply with requirements of the Regulations with respect to the project hereinafter identified.

2. Official Intent Declaration.

- (a) The School District proposes to undertake the following project and to make original expenditures with respect thereto prior to the issuance of Reimbursement Obligations, and reasonably expects to issue Reimbursement Obligations for such project in the maximum principal amounts shown below:

<u>Project</u>	<u>Maximum Amount of Obligations Expected to be Issued for Project</u>
Indoor air quality, fire safety, parking, and restroom improvements, asbestos removal, windows and renovation of existing lab space at District schools	\$4,565,000

- (b) Other than (i) de minimis amounts permitted to be reimbursed pursuant to Section 1.150-2(f)(1) of the Regulations or (ii) expenditures constituting preliminary expenditures as defined in Section 1.150-2(f)(2) of the Regulations, the School District will not seek reimbursement for any original expenditures with respect to the foregoing Project paid more than 60 days prior to the date of adoption of this resolution. All original expenditures for which reimbursement is sought will be capital expenditures or costs of issuance of the Reimbursement Obligations.

3. Budgetary Matters. As of the date hereof, there are no School District funds reserved, pledged, allocated on a long term basis or otherwise set aside (or reasonably expected to be reserved, pledged, allocated on a long term basis or otherwise set aside) to provide permanent financing for the original expenditures related to the Project other than pursuant to the issuance of the Reimbursement Obligations. Consequently, it is not expected that the issuance of the Reimbursement Obligations will result in the creation of any replacement proceeds.

4. Reimbursement Allocations. The School District's financial officer shall be responsible for making the "reimbursement allocations" described in the Regulations, being generally the transfer of the appropriate amount of proceeds of the Reimbursement Obligations to reimburse the source of temporary financing used by the School District to make payment of the original expenditures relating to the Project. Each reimbursement allocation shall be made not later than (i) eighteen (18) months after the date of the original expenditure or (ii) eighteen (18) months after the date the Project is placed in service or abandoned (but in no event later than three (3) years after the original expenditure is paid) and shall be evidenced by an entry on the official books and records of the School District maintained for the Reimbursement Obligations and shall specifically identify the original expenditures being reimbursed.

Upon vote being taken thereon, the following voted in favor thereof: Britton, Kiehne, Love, Sikkink and Topness

and the following voted against the same: None

whereupon the resolution was declared duly passed and adopted.

Sikkink updated the Board on the Athletic committee meeting held prior to the regular Board meeting. Members of the Harmony Conservation Club attended the meeting to propose a trap shooting team through the school.

Love moved to approve a high school trap shooting team, with the Harmony Conservation Club's assistance, for the 2014/15 school year. Motion seconded by Sikkink. Motion carried unanimously.

Love moved to accept the resignation from Vicky Nelson as the SADD advisor. Motion seconded by Britton. Motion carried unanimously. The Board thanked Ms. Nelson for her years of service as SADD advisor.

Britton moved to approve the hire of Terisa Scrabeck as Title I summer school teacher. Motion seconded by Love. Motion carried unanimously.

Topness moved to approve the hire of Judi Markowski as part-time custodian (5.5 hours/day). Motion seconded by Love. Motion carried unanimously.

Love moved to approve tenure of Diane Keith, Kyle Rundquist, Julia Olstad, and Andrew Pederson. Motion seconded by Love. Motion carried unanimously.

Love moved to approve college-level teaching stipends to teachers that set-up and teach a dual-credit course (\$1,500.00 plus 3 days during the summer to meet with college faculty at pro-rated salary per course). Motion seconded by Topness. Motion carried unanimously.

Love moved to approve purchasing .4FTE (\$32,288) school psychologist services from Kingsland School District for the 2014/15 school year. Motion seconded by Britton. Motion carried unanimously.

Britton moved to accept the resignation of Andrea Hellickson as daycare aide. Motion seconded by Topness. Motion carried unanimously.

Sikkink moved to approve the transportation contract with Harmony Transit, Inc. for July 1, 2014 to June 30, 2017 as presented with an option to negotiate a one-time 3-year extension. Motion seconded by Britton. Motion carried unanimously.

Topness moved to approve the Teacher Development and Evaluation Plan as presented. Motion seconded by Britton. Motion carried unanimously.

Britton moved to approve the installation of and air-conditioning unit for the Elementary kitchen and cafeteria by Al Larson & Sons Plumbing & Heating, Inc. (\$8,900). Motion seconded by Love. Motion carried unanimously. (*Additional quote received from Vis Plumbing, Heating, and Air Conditioning - \$8,995.77*)

Love moved to approve the health and safety policy and budgets as follows:
FY15-Finance Code: 347-\$46,900; 349-\$6,500; 352-25,200; 358-\$91,500; 363-\$7,750
FY16-Finance Code: 347-\$12,400; 349-\$6,700; 352-25,200; 358-\$1,500, 363-\$8,050
Motion seconded by Topness. Motion carried unanimously.

Chris Mensink highlighted the changes for the 2014/15 Grades K-6 and Coach's Handbooks.

Heath Olstad highlighted the changes for the 2014/15 Grades 7-12 and Faculty Handbook.

Michelle Breitsprecher highlighted the changes for the 2014/15 Root River Program Handbook.

Love moved to approve the first reading of the 2014/15 Grades K-6 Handbook, Grades 7-12 Handbook, Root River Program Handbook, Faculty Handbook and the Coach's Handbook. Motion seconded by Britton. Motion carried unanimously.

Member Sikkink introduced the following resolution and moved its adoption, which motion was seconded by Member Love:

RESOLUTION AUTHORIZING ISSUANCE, AWARDING THE SALE, PRESCRIBING THE FORM AND DETAILS AND PROVIDING FOR THE PAYMENT OF \$4,420,000 GENERAL OBLIGATION ALTERNATIVE AND CAPITAL FACILITIES BONDS, SERIES 2014A

BE IT RESOLVED by the School Board of Independent School District No. 2198 (Fillmore Central), Minnesota (the District), as follows:

SECTION 1. AUTHORIZATION AND SALE.

1.01. Authorization. (a) This Board, by resolution adopted on April 22, 2014, authorized the issuance and sale of its General Obligation Alternative and Capital Facilities Bonds, Series 2014A (the Bonds) in the principal amount of \$4,565,000, subject to adjustment in accordance with the Terms of Proposal, to finance projects relating to the improvement of indoor air quality, asbestos removal and fire safety at District schools, pursuant to Minnesota Statutes, Chapter 475 and meeting the eligibility requirements set forth in Sections 123B.59 and 123B.57, Subdivision 6, as described in the District's Facility Plan (the Alternative Facilities Portion) and to finance the costs of parking improvements, restroom improvements, windows and renovation of existing lab space, as more fully described in the list of proposed projects submitted to the Commissioner of Education of the State of Minnesota (the Capital Facilities Portion). The Alternative Facilities Portion and the Capital Facilities Portion are referred to collectively herein as the Projects. The Clerk presented an affidavit showing publication of the notice, in the official newspaper of the District on June 2, 2014, describing the Projects, the principal amount of the Bonds, and the total amount of District indebtedness. The affidavit was duly examined, approved and ordered placed on file in the office of the Clerk.

(b) The maturities of the Bonds are allocated between these purposes of the issue as follows:

<u>Year</u>	<u>Alternative Facilities Portion</u>	<u>Capital Facilities Portion</u>
2016	\$125,000	
2017	130,000	\$ 65,000
2018	135,000	65,000
2019	140,000	70,000
2020	135,000	70,000
2021	140,000	75,000
2022	145,000	75,000
2023	150,000	80,000
2024	155,000	80,000
2025	160,000	85,000
2027	660,000	175,000
2028	350,000	90,000
2029	430,000	95,000
2030	445,000	95,000

(c) General obligation capital facilities bonds shall not be finally authorized until thirty (30) days after the adoption of the resolution stating the Board's intention to issue general obligation capital facilities bonds, during which time there may be filed with the Board a petition signed by more than fifteen percent of the registered voters of the District contesting the intention of the District to issue such general obligation capital facilities bonds.

1.02. Sale. The District has retained Springsted Incorporated, as independent financial advisor, in connection with the sale of the Bonds. Pursuant to the Official Statement prepared on behalf of the District by Springsted Incorporated, sealed proposals for the purchase of the Bonds were received at or before the time specified for receipt of proposals. The proposals have been opened, publicly read and considered and the purchase price, interest rates and net interest cost under the terms of each proposal have been determined. The most favorable proposal received is that of Piper Jaffray & Co., in Minneapolis, Minnesota (the Purchaser), to purchase the Bonds at a price of \$4,524,952.61 plus accrued interest on all Bonds to the day of delivery and payment, on the further terms and conditions hereinafter set forth.

1.03. Award. The sale of the Bonds is hereby awarded to the Purchaser, and the Chairperson and Clerk are hereby authorized and directed on behalf of the District to execute a contract for the sale of the Bonds in accordance with the terms of the proposal. The good faith deposit of the Purchaser shall be retained and deposited by the District until the Bonds have been delivered, and shall be deducted from the purchase price paid at settlement. Any good faith deposit of other bidders shall be returned to them forthwith.

SECTION 2. TERMS, REGISTRATION, EXECUTION AND DELIVERY.

2.01. Issuance of Bonds. All acts, conditions and things which are required by the Constitution and laws of the State of Minnesota to be done prior to the issuance of the Bonds having been done, existing and having happened, it is necessary for this Board to establish the form and terms of the Bonds, to provide for the security thereof, and to issue the Bonds forthwith.

2.02. Maturities, Interest Rates and Denominations. The Bonds shall be originally dated as of July 22, 2014, shall be in denominations of \$5,000 or any integral multiple thereof of single maturities, shall mature on February 1 in the years and amounts stated below and shall bear interest from date of issue until paid at the annual rates set forth opposite such years and amounts, as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2016	\$125,000	3.00%	2023	\$230,000	3.00%
2017	195,000	3.00%	2024	235,000	3.00%
2018	200,000	3.00%	2025	245,000	3.00%
2019	210,000	3.00%	2027	835,000	3.00%
2020	205,000	3.00%	2028	440,000	3.25%
2021	215,000	3.00%	2029	525,000	3.25%
2022	220,000	3.00%	2030	540,000	3.50%

The Bonds shall be issuable only in fully registered form. The interest thereon and, upon surrender of each Bond, the principal amount thereof, shall be payable by check or draft issued by the Registrar described herein; provided that, so long as the Bonds are registered in the name of a securities depository, or a nominee thereof, in accordance with Section 2.08 hereof, principal and interest shall be payable in accordance with the operational arrangements of the securities depository.

2.03. Dates and Interest Payment Dates. Upon initial delivery of the Bonds pursuant to Section 2.07 and upon any subsequent transfer or exchange pursuant to Section 2.06, the date of authentication shall be noted on each Bonds so delivered, exchanged or transferred. The interest on the Bonds shall be payable on February 1 and August 1, commencing February 1, 2015, to the owners of record thereof as of the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day.

2.04. Redemption. Bonds maturing in 2024 and later years shall be subject to redemption and prepayment at the option of the District, in whole or in part, in such order as the District shall determine and within a maturity by lot as selected by the Registrar in multiples of \$5,000, on February 1, 2023, and on any date thereafter, at a price equal to the principal amount thereof and accrued interest to the date of redemption. The Clerk shall cause notice of the call for redemption thereof to be published as required by law and, at least thirty (30) days prior to the designated redemption date, shall cause notice of the call for redemption to be mailed, by first class mail, to the registered owners of any Bonds to be redeemed at their addresses as they appear on the bond register described in Section 2.06 hereof but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. Official 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 partial redemption of any Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount outstanding.

Bonds maturing on February 1, 2027 (the Term Bonds) shall be subject to mandatory redemption prior to maturity pursuant to the sinking fund requirements of this Section 2.04 at a redemption price equal to the stated principal amount thereof plus interest accrued thereon to the redemption date, without premium. The Registrar shall select for redemption, by lot or other manner deemed fair, on February 1 in each of the following years the following stated principal amounts of such Bonds:

<u>Year</u>	<u>Principal Amount</u>
2026	\$410,000

The remaining \$425,000 stated principal amount of such Bonds shall be paid at maturity on February 1, 2027.

Notice of redemption shall be given as provided in the preceding paragraph.

2.05. Appointment of Initial Registrar. The District hereby appoints U.S. Bank National Association, in St. Paul, Minnesota, as the initial bond registrar, transfer agent and paying agent (the Registrar). The Chairperson and the Clerk are authorized to execute and deliver, on behalf of the District, a contract with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, such corporation shall be authorized to act as successor Registrar. The District agrees to pay the reasonable and customary charges of the Registrar for the services performed. The District reserves the right to remove the Registrar upon thirty days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Bonds in its possession to the successor Registrar and shall deliver the bond register to the successor Registrar.

2.06. Registration. The effect of registration and the rights and duties of the District and the Registrar with respect thereto shall be as follows:

(a) Register. The Registrar shall keep at its principal corporate trust office a bond register in which the Registrar shall provide for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged.

(b) Transfer of Bonds. Upon surrender for transfer of any Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the fifteenth day of the month preceding each interest payment date and until such interest payment date.

(c) Exchange of Bonds. Whenever any Bonds are surrendered by the registered owner for exchange the Registrar shall authenticate and deliver one or more new Bonds of a like aggregate principal amount and maturity, as requested by the registered owner or the owner's attorney in writing.

(d) Cancellation. All Bonds surrendered upon any transfer or exchange shall be promptly canceled by the Registrar and thereafter disposed of as directed by the District.

(e) Improper or Unauthorized Transfer. When any Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The District and the Registrar may treat the person in whose name any Bond is at any time registered in the bond register as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. For every transfer or exchange of Bonds, the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Bonds. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Registrar shall deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Bond or in lieu of and in substitution for any such Bond destroyed, stolen or lost, upon the payment

of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that such Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the District and the Registrar shall be named as obligees. All Bonds so surrendered to the Registrar shall be canceled by it and evidence of such cancellation shall be given to the District. If the mutilated, destroyed, stolen or lost Bond has already matured it shall not be necessary to issue a new Bond prior to payment.

(i) Authenticating Agent. The Registrar is hereby designated authenticating agent for the Bonds, within the meaning of Minnesota Statutes, Section 475.55, Subdivision 1, as amended.

(j) Valid Obligations. All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the District, evidencing the same debt, and entitled to the same benefits under this Resolution as the Bonds surrendered upon such transfer or exchange.

2.07. Execution; Authentication and Delivery. The Bonds shall be prepared under the direction of the Clerk and shall be executed on behalf of the District by the signatures of the Chairperson and the Clerk, provided that all signatures may be printed, engraved, or lithographed facsimiles of the originals. In case any officer whose signature, or a facsimile of whose signature, shall appear on the Bonds shall cease to be such officer before the delivery of any Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. Notwithstanding such execution, no Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this resolution unless and until a certificate of authentication on such Bond has been duly executed by the manual signature of the Registrar. The executed certificate of authentication on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution. When the Bonds have been so delivered and authenticated, they shall be delivered by the Clerk to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Purchaser shall not be obligated to see to the application of the purchase price.

2.08. Securities Depository. (a) For purposes of this section the following terms shall have the following meanings:

“Beneficial Owner” shall mean, whenever used with respect to a Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant, or such person’s subrogee.

“Cede & Co.” shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

“DTC” shall mean The Depository Trust Company of New York, New York.

“Participant” shall mean any broker-dealer, bank or other financial institution for which DTC holds Bonds as securities depository.

“Representation Letter” shall mean the Representation Letter pursuant to which the District agrees to comply with DTC’s Operational Arrangements.

(b) The Bonds shall be initially issued as separately authenticated fully registered bonds, and one Bond shall be issued in the principal amount of each stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Registrar and the District may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Bonds under this resolution, registering the transfer of Bonds, and for all other purposes whatsoever; and neither the Registrar nor the District shall be affected by any notice to the contrary. Neither the Registrar nor the District shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the bond register as being a registered owner of any Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or

any Participant of any amount with respect to the principal of or interest on the Bonds, with respect to any notice which is permitted or required to be given to owners of Bonds under this resolution, with respect to the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Bonds. So long as any Bond is registered in the name of Cede & Co., as nominee of DTC, the Registrar shall pay all principal of and interest on such Bond, and shall give all notices with respect to such Bond, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the District to make payments of principal and interest. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Bonds will be transferable to such new nominee in accordance with paragraph (e) hereof.

(c) In the event the District determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bonds in the form of bond certificates, the District may notify DTC and the Registrar, whereupon DTC shall notify the Participants of the availability through DTC of Bonds in the form of certificates. In such event, the Bonds will be transferable in accordance with paragraph (e) hereof. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the District and the Registrar and discharging its responsibilities with respect thereto under applicable law. In such event the Bonds will be transferable in accordance with paragraph (e) hereof.

(d) The execution and delivery of the Representation Letter to DTC by the Chairperson or Clerk, if not previously filed with DTC, is hereby authorized and directed.

(e) In the event that any transfer or exchange of Bonds is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this resolution. In the event Bonds in the form of certificates are issued to owners other than Cede & Co., its successor as nominee for DTC as owner of all the Bonds, or another securities depository as owner of all the Bonds, the provisions of this resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Bonds in the form of bond certificates and the method of payment of principal of and interest on such Bonds in the form of bond certificates.

SECTION 3. FORM OF BONDS. The Bonds shall be prepared in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
FILLMORE COUNTY

INDEPENDENT SCHOOL DISTRICT NO. 2198 (FILLMORE CENTRAL)

GENERAL OBLIGATION ALTERNATIVE AND CAPITAL FACILITIES BOND, SERIES 2014A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP No.</u>
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%	February 1, 20__	July 22, 2014	
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REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THOUSAND DOLLARS

INDEPENDENT SCHOOL DISTRICT NO. 2198 (FILLMORE CENTRAL), FILLMORE COUNTY, STATE OF MINNESOTA (the District), acknowledges itself to be indebted and for value received hereby promises to pay to the registered owner specified above, or registered assigns, the principal sum specified above on the maturity date specified above, and to pay interest thereon from the date of original issue specified above, or from the most recent interest payment date to which interest has been paid or duly provided for, at the annual rate specified above, payable on February 1 and August 1 in each year, commencing February 1, 2015, to the person in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month, all subject to the provisions referred to herein with respect to the redemption of the principal of this Bond prior to its stated maturity. The interest hereon and, upon presentation and surrender hereof at the principal office of the

Registrar described below, the principal hereof, are payable in lawful money of the United States of America by check or draft drawn on U.S. Bank National Association, in St. Paul, Minnesota, as bond registrar, transfer agent and paying agent, or its successor designated under the Resolution described herein (the Registrar).

This Bond is one of an issue in the aggregate principal amount of \$4,420,000 (the Bonds), issued by the District to finance certain indoor air quality improvement projects and other capital improvements at District schools, and is issued pursuant to and in full conformity with a resolution adopted by the School Board on June 24, 2014 (the Resolution), and Minnesota Statutes, Chapter 475, Section 123B.59 and Section 123B.62. The Bonds are issuable only in fully registered form, in denominations of \$5,000 or any integral multiple thereof, of single maturities.

Bonds having stated maturity dates in 2024 and later years are each subject to redemption and prepayment at the option of the District, in whole or in part, in such order as the District shall determine and, within a maturity, by lot as selected by the Registrar in multiples of \$5,000, on February 1, 2023, and on any date thereafter, at a price equal to the principal amount thereof plus interest accrued to the date of redemption. The District will cause notice of the call for redemption to be published as required by law and, at least thirty (30) days prior to the designated redemption date, will cause notice of the call thereof to be mailed by first class mail to the registered owner of any Bond to be redeemed at the owner's address as it appears on the bond register maintained by the Registrar, but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. Official 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 partial redemption of any Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount outstanding.

Bonds maturing in the years 2027 shall be subject to mandatory redemption, at a redemption price equal to their principal amount plus interest accrued thereon to the redemption date, without premium, on February 1 in each of the years shown below, in an amount equal to the following principal amounts:

Term Bonds Maturing in 2027

<u>Sinking Fund Payment Date</u>	<u>Aggregate Principal Amount</u>
2026	\$410,000
2027	425,000

Notice of redemption shall be given as provided in the preceding paragraph.

The Bonds have been designated by the District as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the District at the principal office of the Registrar, by the registered owner hereof in person or by the owner's attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or the owner's attorney, and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange, the District will cause a new Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

The District and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the District nor the Registrar shall be affected by any notice to the contrary.

Notwithstanding any other provisions of this Bond, so long as this Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Registrar shall pay all principal of and interest on this Bond, and shall give all notices with respect to this Bond, only to Cede & Co. or other nominee in

accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the District.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen, to exist and to be performed precedent to and in the issuance of this Bond in order to make it a valid and binding general obligation of the District according to its terms have been done, have happened, do exist and have been performed in regular and due form, time and manner as so required; that, prior to the issuance hereof, a direct, annual, ad valorem tax has been duly levied upon all taxable property in the District for the years and in amounts not less than five percent in excess of sums sufficient to pay the interest hereon and the principal hereof as the same respectively become due; that additional taxes, if needed to meet the principal and interest requirements of the Bonds, shall be levied upon all such property without limitation as to rate or amount; and that the issuance of the Bonds does not cause the indebtedness of the District to exceed any constitutional or statutory limitation of indebtedness.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been executed by the Registrar by manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, Independent School District No. 2198 (Fillmore Central), Fillmore County, State of Minnesota, by its School Board, has caused this Bond to be executed on its behalf by the facsimile signatures of the Chairperson and Clerk.

INDEPENDENT SCHOOL DISTRICT
NO. 2198 (FILLMORE CENTRAL), MINNESOTA

(Facsimile Signature - Chairperson)

(Facsimile Signature - Clerk)

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolution mentioned within.

Date of Authentication: _____ U.S. BANK NATIONAL ASSOCIATION, Registrar

By _____
Authorized Representative

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to the applicable laws or regulations:

TEN COM --as tenants in common	UTMA as Custodian for
	(Cust) (Minor)
TEN ENT --as tenants by the entireties	under Uniform Transfers to Minors Act
	(State)
JT TEN --as joint tenants with right of survivorship and not as tenants in common	

Additional abbreviations may also be used.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder, and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated: _____

NOTICE: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed: _____

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in STAMP or such other "signature guaranty program" as may be determined by the Registrar in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Please insert social security or other identifying number of assignee: _____
[end of bond form]

SECTION 4. USE OF PROCEEDS.

4.01. General Obligation Alternative and Capital Facilities Bonds, Series 2014A Construction Fund. There is hereby established on the official books and records of the District a General Obligation Alternative and Capital Facilities Bonds, Series 2014A Construction Fund (the Construction Fund), and the District shall continue to maintain the Construction Fund until payment of all costs and expenses incurred in connection with the Projects financed by the Bonds have been paid. To the Construction Fund there shall be credited the proceeds of the Bonds an amount equal to the estimated cost of the Projects and from the Construction Fund there shall be paid all construction costs and expenses incurred by the District with respect to the Projects. After payment of all such construction costs and expenses, the Construction Fund shall be discontinued and any Bond proceeds remaining therein shall be credited to the Debt Service Fund established by Section 4.02 hereof.

4.02. General Obligation Alternative and Capital Facilities Bonds, Series 2014A Debt Service Fund. So long as any of the Bonds are outstanding and any principal or interest thereon unpaid, the District shall maintain as a separate account on its books and records a General Obligation Alternative and Capital Facilities Bonds, Series 2014A Debt Service Fund (the Debt Service Fund). The Debt Service Fund shall be used for no purpose other than payment of the principal of and interest on the Bonds. The District irrevocably appropriates to the Debt Service Fund: (a) any funds received from the Purchaser upon delivery of the Bonds in excess of the amount required by Section 4.01 above to be credited to the Construction Fund; (b) the amounts specified in Section 4.01 above, after payment of all costs of the Projects; (c) all ad valorem taxes collected pursuant to Section 4.03 hereof; and (d) any other funds appropriated by the District for the payment of the Bonds. If any payment of principal of and interest on the Bonds shall become due when there is not sufficient money in the Debt Service Fund to make such payment, the Clerk shall pay the same from any other available fund of the District, and such other fund shall be reimbursed for such advances out of the proceeds of the taxes levied for the payment of the Bonds when available.

4.03. Tax Levies. For the prompt and full payment of the principal and interest on the Bonds as the same respectively become due, the full faith, credit and taxing power of the District shall be and are hereby irrevocably pledged. To provide moneys for the payment of principal of and interest on the Bonds as required by Minnesota Statutes, Section 475.61, Subdivision 1, there is hereby levied on all of taxable property in the District a direct, annual ad valorem tax which shall be spread upon the tax rolls for collection in the years and amounts as follows, as a part of other general taxes of the District, as follows:

<u>Levy Years</u>	<u>Collection Years</u>	<u>Amount</u>
-------------------	-------------------------	---------------

See attached levy calculation

The taxes shall be irrevocable as long as any of the Bonds are outstanding and unpaid; provided, that the District reserves the right and power to reduce the levies in the manner and to the extent permitted by Minnesota Statutes, Section 475.61. It is estimated that the ad valorem taxes will be collected in amounts not less than five percent in excess of the annual principal and interest requirements of the Bonds. If, as of the date tax levies are certified in any year, the sum of the balance in the Debt Service Fund plus any ad valorem taxes theretofore levied for the payment of Bonds payable therefrom and collectible through the end of the following calendar year is not sufficient to pay when due all principal and interest to become due on all Bonds payable therefrom in said following calendar year, or the Debt Service Fund has incurred a deficiency in the manner provided in Section 4.02, an additional direct, irrevocable, ad valorem tax shall be levied on

all taxable property within the corporate limits of the District for the purpose of restoring such accumulated or anticipated deficiency in accordance with the provisions of this resolution. It is hereby found and determined that the tax levies required to pay debt service on the Capital Facilities Portion of the Bonds in each year, in combination with tax levies made pursuant to Minnesota Statutes, Section 123B.61, do not exceed in each year the lesser of the amount of the District's total operating capital revenue or the sum of the District's levy in the general and community service funds excluding the adjustments under Minnesota Statutes, Section 123B.61 for the year preceding the year the initial debt service levies are certified.

4.04. Debt Service Fund Balance Restriction. In order to ensure compliance with the Code, and applicable Treasury Regulations (the Regulations), upon allocation of any funds to the Debt Service Fund, the balance then on hand in the Fund shall be ascertained. If it exceeds the amount of principal and interest on the Bonds to become due and payable through February 1 next following, plus a reasonable carryover equal to 1/12th of the debt service due in the following bond year, the excess shall (unless an opinion is otherwise received from bond counsel) be used to prepay or purchase Bonds, or invested at a yield which does not exceed the yield on the Bonds calculated in accordance with Section 148 of the Code.

SECTION 5. DEFEASANCE. When all of the Bonds have been discharged as provided in this section, all pledges, covenants and other rights granted by this resolution to the registered owners of the Bonds shall cease. The District may discharge its obligations with respect to any Bonds which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full; or, if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued from the due date to the date of such deposit. The District may also discharge its obligations with respect to any prepayable Bonds called for redemption on any date when they are prepayable according to their terms, by depositing with the Registrar on or before that date an amount equal to the principal, interest and redemption premium, if any, which are then due, provided that notice of such redemption has been duly given as provided herein. The District may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank qualified by law as an escrow agent for this purpose, cash or securities which are authorized by law to be so deposited, bearing interest payable at such time and at such rates and maturing or callable at the holder's option on such dates as shall be required to pay all principal and interest to become due thereon to maturity or earlier designated redemption date. Provided, however, that if such deposit is made more than ninety days before the maturity date or specified redemption date of the Bonds to be discharged, the District shall have received a written opinion of Bond Counsel to the effect that such deposit does not adversely affect the exemption of interest on any Bonds from federal income taxation and a written report of an accountant or investment banking firm verifying that the deposit is sufficient to pay when due all of the principal and interest on the Bonds to be discharged on and before their maturity dates or earlier designated redemption date.

SECTION 6. TAX COVENANTS, ARBITRAGE MATTERS, REIMBURSEMENT AND CONTINUING DISCLOSURE.

6.01. Restrictive Action. The Projects will be owned and maintained by the District and used to carry out its program of public education. The District shall not enter into any lease, management agreement, use agreement or other contract with any nongovernmental entity relating to the Projects or a portion thereof which would cause the Bonds to be considered "private activity bonds" or "private loan bonds" pursuant to the provisions of Section 141 of the Code. The District covenants and agrees with the registered owners of the Bonds that it will not take or permit to be taken by any of its officers, employees or agents any actions that would cause interest on the Bonds to become includable in gross income of the recipient under the Code and applicable Regulations and covenants to take any and all actions within its powers to ensure that the interest on the Bonds will not become includable in gross income of the recipient under the Code and the Regulations.

6.02. Arbitrage Certification. The Chairperson and Clerk being the officers of the District charged with the responsibility for issuing the Bonds pursuant to this resolution, are authorized and directed to execute and deliver to the Purchaser a certificate in accordance with the provisions of Section 148 of the Code and applicable Regulations stating the facts, estimates and circumstances in existence on the date of issue and delivery of the Bonds which make it reasonable to expect that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of the Code and the Regulations.

6.03. Arbitrage Rebate Exemption. (a) It is hereby found that the District has general taxing powers, that no Bond is a "private activity bond" within the meaning of Section 141 of the Code, that 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the District, and that the aggregate face amount of all tax-exempt obligations (other than "private activity bonds") issued by the

District and all subordinate entities thereof during calendar year 2014 is not reasonably expected to exceed \$15,000,000 (of which at least \$10,000,000 in face amount must be used to finance the construction of public school facilities). Therefore, pursuant to Sections 148(f)(4)(D)(i) and 148(f)(4)(D)(vii) of the Code, the District shall not be required to comply with the arbitrage rebate requirements of paragraphs (2) and (3) of Section 148(f) of the Code.

(b) If, notwithstanding the provisions of paragraph (a) of this Section 6.03, the arbitrage rebate provisions of Section 148(f) of the Code apply to the Bonds, the District hereby covenants and agree to make the determinations, retain records and rebate to the United States the amounts at the times and in the manner required by said Section 148(f).

6.04. Qualified Tax-Exempt Obligations. The Board hereby designates the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code relating to the disallowance of interest expense for financial institutions, and hereby finds that the reasonably anticipated amount of tax-exempt obligations which are not private activity bonds (not treating qualified 501(c)(3) bonds under Section 145 of the Code as private activity bonds for the purpose of this representation) which will be issued by the District and all subordinate entities during calendar year 2014 does not exceed \$10,000,000.

6.05. Reimbursement. The District certifies that the proceeds of the Bonds will not be used by the District to reimburse itself for any expenditure with respect to the Projects which the District paid or will have paid more than 60 days prior to the issuance of the Bonds unless, with respect to such prior expenditures, the District shall have made a declaration of official intent which complies with the provisions of Section 1.150-2 of the Regulations; provided that this certification shall not apply (i) with respect to certain de minimis expenditures, if any, with respect to the Projects meeting the requirements of Section 1.150-2(f)(1) of the Regulations, or (ii) with respect to “preliminary expenditures” for the Projects as defined in Section 1.150-2(f)(2) of the Regulations, including engineering or architectural expenses and similar preparatory expenses, which in the aggregate do not exceed 20% of the “issue price” of the Bonds.

6.06. Continuing Disclosure. (a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefore and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Bonds, the District hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the outstanding Bonds. The District is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. If the District fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, Owner or Bondowner means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Bond for federal income tax purposes.

(b) Information To Be Disclosed. The District will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the District, the following information at the following times:

- (1) on or before twelve (12) months after the end of each fiscal year of the District, commencing with the fiscal year ending June 30, 2014, the following financial information and operating data in respect of the District (the Disclosure Information):

- (A) the audited financial statements of the District for such fiscal year, prepared in accordance with generally accepted accounting principles in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the District, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the District; and
- (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under the headings: District Property Values; District Indebtedness; District Tax Rates, Levies and Collections; and District Enrollment and Employment, which information may be unaudited.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the District shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the District shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to the Municipal Securities Rulemaking Board (the MSRB) through its Electronic Municipal Market Access System (EMMA) or the SEC. The District shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the District have materially changed or been discontinued, such Disclosure Information need no longer be provided if the District includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other District operations in respect of which data is not included in the Disclosure Information and the District determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the District shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

- (2) In a timely manner, not in excess of 10 business days, to the MSRB through EMMA, notice of the occurrence of any of the following events (each a "Material Fact," as hereinafter defined):
 - (A) principal and interest payment delinquencies;
 - (B) non-payment related defaults, if material;
 - (C) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (D) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (E) substitution of credit or liquidity providers, or their failure to perform;
 - (F) 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 status of the Bonds or other material events affecting the tax status of the Bonds;
 - (G) modifications to rights of Bond holders, if material;
 - (H) Bond calls, if material and tender offers;
 - (I) defeasances;
 - (J) release, substitution, or sale of property securing repayment of the Bonds if material;
 - (K) rating changes;
 - (L) bankruptcy, insolvency, receivership, or similar event of the obligated person;
 - (M) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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; and
 - (N) appointment of a successor or additional trustee or the change of name of a trustee, if material.

As used herein, for those events that must be reported if material, a “Material Fact” is a fact as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, a Material Fact is also a fact that would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (3) In a timely manner, to the MSRB through EMMA, notice of the occurrence of any of the following events or conditions:
 - (A) the failure of the District to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
 - (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the District under subsection (d)(2);
 - (C) the termination of the obligations of the District under this section pursuant to subsection (d);
 - (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
 - (E) any change in the fiscal year of the District.

(c) Manner of Disclosure.

- (1) The District agrees to make available to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, the information described in subsection (b).
- (2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

- (1) The covenants of the District in this section shall remain in effect so long as any Bonds are outstanding. Notwithstanding the preceding sentence, however, the obligations of the District under this section shall terminate and be without further effect as of any date on which the District delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the District to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.
- (2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the District from time to time, without notice to (except as provided in paragraph (c)(2) hereof) or the consent of the Owners of any Bonds, by a resolution of this Board filed in the office of the recording officer of the District accompanied by an opinion of Bond Counsel, who may rely on certificates of the District and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or

regulation or a change in the identity, nature or status of the District or the type of operations conducted by the District, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

If the Disclosure Information is so amended, the District agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

(3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

SECTION 7. CERTIFICATION OF PROCEEDINGS.

7.01. Filing with County Auditor. The Clerk is hereby authorized and directed to file with the County Auditor of Fillmore County a certified copy of this resolution together with such other information as the County Auditor shall require and to obtain from the County Auditor a certificate that the Bonds have been entered upon the bond register and that the tax for the payment of the Bonds has been levied as required by law.

7.02. Certification of Proceedings. The officers of the District and the County Auditor are hereby authorized and directed to prepare and furnish to the Purchaser and to Dorsey & Whitney LLP, Bond Counsel, certified copies of all proceedings and records of the District relating to the Bonds and to the financial condition and affairs of the District, and such other affidavits, certificates and information as may be required to show the facts relating to the legality and marketability of the Bonds as they appear from the books and records under the officer's custody and control or as otherwise known to the them. All such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the District to the correctness of all statements contained herein.

7.03. Official Statement. The Preliminary Official Statement relating to the Bonds, as of its date June 3, 2014, prepared and distributed by Springsted Incorporated, the financial advisor to the District, is hereby approved. Springsted Incorporated, is hereby authorized on behalf of the District to prepare and distribute to the Purchaser within seven business days from the date hereof, a Final Official Statement listing the offering price, the interest rates, selling compensation, delivery date, the underwriters and such other information relating to the Bonds required to be included in the Official Statement by Rule 15c2-12 adopted by the Securities and Exchange Commission (the SEC) under the Securities Exchange Act of 1934. The officers of the District are hereby authorized and directed to execute such certificates as may be appropriate concerning the accuracy, completeness and sufficiency of the Official Statement.

SECTION 8. STATE PAYMENT; DISTRICT AND REGISTRAR OBLIGATIONS. The District hereby covenants and obligates itself to notify the Commissioner of Education (the Commissioner) of any potential default in the payment of the principal of or interest on the Bonds and to use the provisions of Minnesota Statutes, Section 126C.55 (the State Payment Law), to guarantee (to the extent provided therein) payment of the principal of and interest on the Bonds when due. The District further covenants to deposit with the Registrar not less than three business days prior to each February 1 and August 1 as set forth in Section 2.03 hereof, an amount sufficient to make that payment or to notify the Commissioner as provided in the State Payment Law that it will be unable to make all or a portion of such payment. The Registrar will notify the Commissioner if it becomes aware of a potential default in the payment of principal of and interest on the Bonds on any payment date or if, on the date two business days prior to the date on which a payment is due, there are insufficient funds on deposit with the Registrar to make the required payment on such date. The Registrar will cooperate with the District, the Commissioner and the Commissioner of Management and Budget in implementing the provisions of the State Payment Law. In the event that amounts sufficient to make any such interest or principal payment are held by an escrow or paying agent and invested as authorized by Minnesota Statutes, Chapter 475 and such escrow or paying agent is required to use proceeds from such investment to pay to the Registrar the amount necessary to pay such interest or principal on such payment date, then the requirements of the State Payment Law relating to the deposit of such amounts with

the Registrar prior to the payment date of such interest or principal shall be deemed satisfied and neither the District nor the Registrar shall be required to notify the Commissioner that insufficient funds are available to pay such interest or principal on such payment date. The District shall do all other things which may be necessary to perform the Bonds hereby undertaken under the State Payment Law, including any requirements hereafter adopted by the Commissioner of Management and Budget or the Commissioner.

Upon vote being taken on the foregoing resolution, the following voted in favor thereof: Britton, Kiehne, Love, Sikkink and Topness

and the following voted against the same: None

whereupon the resolution was declared duly passed and adopted

Britton moved to approve the 2014/15 Projected Revenue and Expense budget as follows:

	Fund	REVENUES	EXPENSES	BALANCE
General	01	6,408,032	6,055,340	352,692
Root River Program	09	205,043	205,043	0
Total General		6,613,075	6,260,383	352,692
Food Service	02	382,565	382,159	406
Community Svc	04	529,461	515,891	13,570
Construction	06	4,581,000	4,651,000	(70,000)
Debt Service	07	486,500	603,195	(116,695)
OPEB Debt Service	47	108,006	107,603	403
GRAND TOTAL		12,700,607	7,870,401	180,376
OPEB Retiree Ins.	25	51,840	72,630	0

Motion seconded by Topness. Motion carried unanimously.

Love moved to approve 2014/15 breakfast and lunch prices as follows:

Lunch: K-6 \$2.15; 7-8 \$2.25; 9-12 \$2.35; adult \$3.35

Breakfast: K-12 \$1.35; adult \$1.70

Milk: \$0.40 per carton

Milk Break: \$35.00 per semester

Healthy Snack: \$30.00 per semester; \$50.00 if paid per year

Motion seconded by Sikkink. Motion carried unanimously.

Britton moved to approve the 2014/15 Food Service budget from Taher as presented. Motion seconded by Topness. Motion carried unanimously.

Topness moved to designate Richard Keith as Local Education Agency and Homeless Liaison. Motion seconded by Love. Motion carried unanimously.

Love moved to approve participation in the Minnesota Insurance Scholastic Trust for property/casualty insurance July 1, 2014 to June 30, 2017. Motion seconded by Topness. Motion carried

Member Love introduced the following resolution which was duly seconded by member Topness:

**RESOLUTION FOR MEMBERSHIP
IN THE MINNESOTA INSURANCE SCHOLASTIC TRUST**

Whereas, the Board of Education (the "Board") of Fillmore Central ISD 2198 (the "District") has the authority to participate with other units of government for the purpose of jointly providing casualty, property and other protections through self-insurance and purchased insurance;

Whereas, pursuant to this authority, the Board has received and reviewed an agreement for the District's participation in a self-funded insurance and excess insurance casualty and property pool know as the Minnesota Insurance Scholastic Trust ("MIST");

And

Whereas, certain formats and procedures have evolved for the prompt and efficient operation and administration of MIST;

NOW THEREFORE BE IT AND IT IS HEARBY RESOLVED that:

1. The Board approves the District's membership in MIST and adopts MIST's Intergovernmental Cooperative Agreement as presented and intends to be bound thereto.
2. The Board hereby authorizes and directs its Chairman and Clerk to execute a signature page of the MIST's Intergovernmental Cooperative Agreement as presented, and any amendments thereto, on behalf of the District in the form as attached hereto as Exhibit A.

Upon vote being taken thereon, the following voted in favor thereof: Britton, Kiehne, Love, Sikkink and Topness

and the following voted against the same: None

whereupon the resolution was declared duly passed and adopted.

Britton moved to approve the following for the 2014/15 school year:

- Substitute Teacher Pay - \$100 per day; \$50 per half day
- Number of Days as a Substitute before Being Placed on Salary Schedule is 10 consecutive days
- Substitute Secretary Pay - \$9.00 per hour
- Substitute Paraprofessional Pay - \$9.00 per hour
- Substitute Custodial Pay - \$10.00 per hour
- Van and Substitute Van Driver Pay - \$8.75 per hour
- Payroll Policy Regarding 403b Sign-up in September Only

Motion seconded by Topness. Motion carried unanimously.

Britton moved to set Activity fees, Admission fees, and Sport season pass costs as follows for the 2014/15 school year:

Activity Fees:

\$75 each - football, volleyball, wrestling, basketball, golf, softball, baseball, and track
\$35 each - HS flag corps, speech, tapestry, 9-12 choir, knowledge bowl, 9-12 band, jazz band, one-act play, 3-act play, cheerleading
\$300 - family maximum per school year.

Admission Fees: sports (except football)/plays: \$5 adult, \$3 student; football - \$6 adult, \$4 student; musical \$5; concerts – free will donation

Sports Season Passes: \$30 - K-12 student pass, \$55 - adult pass, \$140 - family pass

Motion seconded by Love. Motion carried unanimously.

Topness moved to approve membership in Southeast Service Cooperative for the 2014/15 school year.

Motion seconded by Love. Motion carried unanimously.

Britton moved to approve membership in Minnesota Rural Education Association for the 2014/15 school year. Motion seconded by Sikkink. Motion carried unanimously.

Member Love introduced the following resolution and moved its adoption, which motion was seconded by Member Topness

RESOLUTION CONVERTING VOTER APPROVED REFERENDUM AUTHORITY
TO A BOARD APPROVED REFERENDUM AUTHORITY

BE IT RESOLVED by the School Board (the Board) of Independent School District No. 2198 (Fillmore Central), Minnesota (the District) as follows:

It is hereby found, determined and declared as follows:

1. Existing Voter Approved Authority. The District has an existing voter approved referendum authority that is estimated to be \$592.15 per adjusted pupil unit for fiscal year 2015, after subtraction of local option revenue and after preliminary adjustment by the Minnesota Department of Education in compliance

with Minnesota Statutes, Section 126C.17, as amended, which expires after taxes payable in 2015 (the Existing Authority).

2. Conversion to Board Approved Authority. Pursuant to Minnesota Statutes, Section 126C.17, Subdivision 9a, the Board hereby determines to convert \$300 per adjusted pupil unit of its Existing Authority to a Board approved referendum authority of approximately \$300 per adjusted pupil unit (the Board Approved Authority). The Board Approved Authority shall be further adjusted based on final pupil unit data and it is the intention of the Board to convert the maximum authority for which it is eligible, not to exceed \$300 per adjusted pupil unit. The Board Approved Authority, as adjusted, shall be applicable for five (5) years, beginning with taxes payable in 2015. The Board may subsequently reauthorize the Board Approved Authority in increments of up to five (5) years.

3. Submission. The Clerk is hereby instructed to submit a copy of this resolution to the Minnesota Department of Education by September 30, 2014.

Upon vote being taken thereon, the following voted in favor thereof: Britton, Kiehne, Love, Sikkink and Topness

and the following voted against the same: None

whereupon the resolution was declared duly passed and adopted.

Member Topness introduced the following resolution and moved its adoption, which motion was seconded by Member Sikkink

RESOLUTION DETERMINING THE NECESSITY OF RENEWING AN EXPIRING
REFERENDUM REVENUE AUTHORIZATION AND CALLING A SPECIAL
ELECTION AND REFERENDUM THEREON

BE IT RESOLVED by the School Board (the Board) of Independent School District No. 2198 (Fillmore Central), Minnesota (the School District) as follows:

It is hereby found, determined and declared as follows:

1. The Board has investigated the facts and does hereby find, determine and declare that it is necessary and expedient to renew the School District's existing referendum revenue authorization of \$292.15 per pupil that is scheduled to expire after taxes payable in 2015. The proposed referendum revenue authorization would be first levied in 2015 for taxes payable in 2016 and applicable for ten (10) years unless otherwise revoked or reduced as provided by law.

2. The question of renewing the general education revenue of the School District shall be submitted to the qualified electors of the School District at a special election, which is hereby called and directed to be held in conjunction with the state general election on Tuesday, November 4, 2014, between the hours of 7:00 a.m. and 8:00 p.m.

3. Pursuant to Minnesota Statutes, Section 205A.11, the precincts and polling places for this special election are those precincts or parts of precincts located within the boundaries of the School District which have been established by the governing bodies located in whole or in part within the School District.

4. The Clerk is hereby authorized and directed to cause written notice of the special election to be: (a) provided to the County Auditor at least seventy-four (74) days before the date of the special election; (b) provided to the Commissioner of Education at least seventy-four (74) days before the date of the special election; (c) mailed by first class mail to every taxpayer in the School District, at least fifteen (15) days but no more than thirty (30) days prior to the date of the special election; (d) posted at the administrative offices of the School District, for public inspection, at least ten (10) days before the date of the special election; and (e) published in the official newspaper of the School District once each week for at least two consecutive weeks, with the last publication being at least one week prior to the date of the special election. The Notice of Special Election shall be prepared in substantially the following form:

**NOTICE OF SPECIAL ELECTION
INDEPENDENT SCHOOL DISTRICT NO. 2198
(FILLMORE CENTRAL), MINNESOTA**

NOTICE IS HEREBY GIVEN that a special election has been called and will be held in and for Independent School District No. 2198 (Fillmore Central), Minnesota, on November 4, 2014, between the hours of 7:00 a.m. and 8:00 p.m. to vote on the following question:

**SCHOOL DISTRICT BALLOT QUESTION
RENEWAL OF SCHOOL DISTRICT EXPIRING REFERENDUM REVENUE AUTHORIZATION**

The board of Independent School District No. 2198 (Fillmore Central), Minnesota has proposed to renew the existing property tax referendum authorization of \$292.15 per pupil that is scheduled to expire after taxes payable in 2015. The proposed referendum revenue authorization would be first levied in 2015 for taxes payable in 2016 and applicable for ten (10) years unless otherwise revoked or reduced as provided by law.

Shall the renewal of the expiring property tax referendum proposed by the board of Independent School District No. 2198 (Fillmore Central) be approved?

PASSAGE OF THIS REFERENDUM EXTENDS AN EXISTING OPERATING REFERENDUM AT THE SAME AMOUNT PER PUPIL AS IN THE PREVIOUS YEAR

For the ballot question, the property tax portion of the revenue authorized will require an estimated referendum tax rate of 0.0503270% of the referendum market value of all classes of taxable property in the School District, as defined by Minnesota Statutes, Section 126C.01, Subdivision 3, which excludes certain agricultural property, seasonal property and post-secondary student housing.

The projected annual dollar increases for typical residential homesteads, apartments, commercial-industrial properties, and most other classes of property within the School District are as shown in the table below.

For agricultural property (both homestead and non-homestead), the taxes for the proposed referendum will be based on the value of the house, garage and one acre of land. There will be no referendum taxes paid on the value of agricultural land and buildings. For seasonal recreational residential property (e.g., cabins), there will be no taxes paid for the proposed referendum.

The figures in the table below are based on taxes for the voter approved referendum levy only, and do not include taxes for other purposes:

Homestead Residential, Apartments, and Commercial/Industrial Properties

<u>Market Value</u>	<u>Expiring Levy Authority Taxes Payable in 2015</u>	<u>Proposed New Levy Authority Taxes Payable in 2016</u>	<u>Difference between Expiring Authority and Proposed Authority</u>
\$ 50,000	\$-25.16	\$25.16	0.00
75,000	-37.75	37.75	0.00
85,000	-42.78	42.78	0.00
100,000	-50.33	50.33	0.00
125,000	-62.91	62.91	0.00
150,000	-75.49	75.49	0.00
200,000	-100.65	100.65	0.00
250,000	-125.82	125.82	0.00
300,000	-150.98	150.98	0.00
350,000	-176.14	176.14	0.00
400,000	-201.31	201.31	0.00

The precincts and polling places for the special election will be the precincts and polling places used for the state general election.

All qualified electors residing in said School District may cast their ballots at the polling places for the precincts in which they reside during the polling hours specified above.
A voter must be registered to vote to be eligible to vote in the special election. Unregistered individuals may register to vote at the polling places on election day.

Dated: June 24, 2014

BY ORDER OF THE SCHOOL BOARD

/s/ _____, Clerk

5. If paper ballots are being used, the Clerk is authorized and directed to secure a goldenrod colored ballot box for the deposit of ballots at the polling places and to acquire and distribute such election materials as may be necessary for the proper conduct of this special election. If an optical scan voting system is being used, the Clerk shall comply with the laws and rules governing the procedures and requirements for optical scan voting systems. The Clerk is authorized and directed to acquire and distribute such election materials and to take such other actions as may be necessary for the proper conduct of this special election and generally to cooperate with election authorities conducting any other elections on that date. The Clerk and members of the administration are authorized and directed to take such actions as may be necessary to coordinate this election with other elections, including entering into agreements with appropriate municipal and county officials regarding preparation and distribution of ballots or ballot cards, election administration, and cost sharing.

6. If paper ballots are being used, the Clerk is authorized and directed to cause a goldenrod colored printed ballot for the question to be prepared in accordance with Minnesota Statutes, Section 205A.08, Subdivision 4 for use at the special election. If an optical scan voting system is being used, the Clerk shall cause official ballots to be printed according to the format of ballots for optical scan voting systems provided by the laws and rules governing optical scan voting systems. The Clerk is further authorized and directed to cause a sample ballot to be posted in the administrative offices of the School District, for public inspection, at least four (4) days before the date of the special election and to cause two sample ballots to be posted at each polling place on the date of the special election and to cooperate with the proper election officials to cause ballots or ballot cards to be prepared for use at said election. The ballot shall be in substantially the following form, with such changes in form and instructions as may be necessary to accommodate the use of an optical scan voting system:

**SCHOOL DISTRICT QUESTION BALLOT
INDEPENDENT SCHOOL DISTRICT NO. 2198
(FILLMORE CENTRAL), MINNESOTA
SPECIAL ELECTION**

November 4, 2014

To vote for a question, put an (X) in the square next to the word "YES" for that question.
To vote against a question, put an (X) in the square next to the word "NO" for that question.

**SCHOOL DISTRICT BALLOT QUESTION
RENEWAL OF SCHOOL DISTRICT EXPIRING REFERENDUM REVENUE AUTHORIZATION**

The board of Independent School District No. 2198 (Fillmore Central), Minnesota has proposed to renew the existing property tax referendum authorization of \$292.15 per pupil that is scheduled to expire after taxes payable in 2015. The proposed referendum revenue authorization would be first levied in 2015 for taxes payable in 2016 and applicable for ten (10) years unless otherwise revoked or reduced as provided by law.

- YES Shall the renewal of the expiring property tax referendum proposed by the board
 NO of Independent School District No. 2198 (Fillmore Central) be approved?

BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING TO EXTEND AN EXISTING PROPERTY TAX REFERENDUM THAT IS SCHEDULED TO EXPIRE

(Reverse side of ballot)

OFFICIAL BALLOT

November 4, 2014

Judge

Judge

(The ballot is to be initialed by two judges)

7. If the School District will be contracting to print the ballots for this special election, the Clerk is hereby authorized and directed to prepare instructions to the printer for layout of the ballot. Before a contract in excess of \$1,000 is awarded for printing ballots, the printer shall, upon request, furnish in accordance with Minnesota Statutes, Section 204D.04 a sufficient bond, letter of credit or certified check acceptable to the Clerk in an amount not less than \$1,000 conditioned on printing the ballots in conformity with the Minnesota election law and the instructions delivered. The Clerk shall set the amount of the bond, letter of credit or certified check in an amount equal to the value of the purchase.

8. The individuals designated as judges for the state general election shall act as election judges for this special election and shall conduct the special election at the various polling places in the manner prescribed by law.

9. The special election shall be held and the returns made and canvassed in the manner prescribed by law and the Board shall meet on a date between the third day, November 7, 2014, and the tenth day, November 14, 2014, after the special election for the purpose of canvassing the results thereof.

10. Pursuant to Minnesota Statutes, Section 126C.17, Subdivision 9(f) and Minnesota Statutes, Section 205A.07, Subdivision 3a, the Clerk is hereby instructed to notify the Commissioner of Education of the results of the referendum and to provide the certified vote totals for the ballot question in written form within fifteen (15) days after the results have been certified by the Board.

Upon vote being taken thereon, the following voted in favor thereof: Britton, Kiehne, Love, Sikkink and Topness

and the following voted against the same: None

whereupon the resolution was declared duly passed and adopted.

Britton moved to set a special Board meeting on July 7, 2014 at 7:00 a.m. in the Superintendent's office for the purpose of accepting construction bids. Motion seconded by Sikkink. Motion carried unanimously.

Britton moved to adjourn. Motion was seconded by Sikkink. Motion carried unanimously.

Respectfully submitted,

James Love
Clerk, Independent School District #2198