

SCHOOL BOARD MINUTES

Monday, April 16, 2007

The Board of Education of Independent School District #299, Caledonia, Minnesota, met in a regular school board meeting in the Caledonia Area Elementary Media Center.

The meeting was called to order by Chair Naomi Fruechte at 7:00 p.m. Members present were Naomi Fruechte, Matt Hendel, John Klug, Joyce Knutson, Jean Meyer, Michelle Werner and Charlie Wray. Also present were Superintendent Michael Moriarty, Nancy Runnigen, and Principals Brian Doty, Ronald Helmers, and Connie Hesse. Others present were Barb Meyer, Karen Schiltz, Jane Palen, Janelle Field-Rohrer, Brad Harguth and Kristen Hanson from Ehlers and Associates.

APPROVAL OF AGENDA

Moved by Joyce Knutson, seconded by Charlie Wray to approve the agenda as amended to move the capital loan refund resolution as the first action item and to include a discussion regarding the charging of students in the various industrial arts programs. Motion carried by a unanimous vote.

APPROVAL OF PAST MEETING MINUTES

Moved by Matt Hendel, seconded by Joyce Knutson to approve the minutes of the March 19, 2007, regular school board meeting and the April 2, 2007, regular school board meeting. Motion carried by a unanimous vote.

TREASURER'S REPORT & AUTHORIZATION OF ACCOUNTS PAYABLE

Moved by Charlie Wray, seconded by Michelle Werner to approve the electronic transfers and bills due and payable amounting to \$502,509.75 including check numbers 44804 through 44974 along with electronic transfers from MSDLAF to Merchants Bank in the amount of \$700,000.00. Motion carried by a unanimous vote.

PERSONNEL ITEMS

Resolution Directing the School Board to Fill the School Board Member Vacancy of Director Barbara Hurley's Position & Administering the of Oath of Office

Director Michelle Werner introduced the following resolution

WHEREAS, the resignation of Director Barbara Hurley was accepted at the February 26, 2007, regular school board meeting; and,

WHEREAS, MS 123B.09, subdivision 5, directs that the vacancy be filled by appointment; and,

WHEREAS, said appointment shall be from April of 2007 through December of 2008.

BE IT RESOLVED, by the School Board of Independent School District No. 299, as follows:

That the School Board hereby appoints John Klug to serve the remainder of the term from April of 2007 through December of 2008.

The motion for the adoption of the foregoing resolution was duly seconded by Matt Hendel Member and upon vote being taken thereon, the following voted in favor thereof: Naomi Fruechte, Matt Hendel, Joyce Knutson, Jean Meyer, Michelle Werner, and Charlie Wray. The following voted against the same: None. Whereupon said resolution was declared duly passed and adopted.

Recommendation for Tenure

Moved by Joyce Knutson, seconded by Charlie Wray to grant tenure to the following full-time, non-tenured probationary staff member: Dustin Moburg; to continue third year probationary teaching: Carrie Erickson and Kimberly Kranz; and to continue second year probationary teaching: Jeannine Hisel and Courtney Novak. Motion carried by a unanimous vote.

Resolution for Placing Staff on Unrequested Leave of Absence

Member Jean Meyer introduced the following resolution and moved its adoption:

RESOLUTION PLACING BECKY NEWGAARD ON UNREQUESTED LEAVE OF ABSENCE

WHEREAS, the School Board of Independent School District No. 299 adopted a resolution proposing placement of Becky Newgaard on unrequested leave of absence on March 19, 2007, on the grounds of discontinuance of positions, financial limitations and lack of pupils; and

WHEREAS, said written notice of the proposed placement on unrequested leave was received by Becky Newgaard by personal service on Tuesday, March 20, 2007; and

WHEREAS, said written notice of the proposed placement on unrequested leave contained a statement setting forth the reasons for the proposed placement as well as a statement that she was entitled to a hearing before the school board provided she make a request in writing within fourteen days of receipt of said notice, and that if no hearing was requested within said fourteen day period it constituted acquiescence by Becky Newgaard to the school board's proposed action; and

WHEREAS, no written request of any kind was received by the school board or superintendent of schools from Becky Newgaard for a hearing as of April 2, 2007; and

WHEREAS, said failure to make written request for a hearing within fourteen days after receipt of notice of proposed placement on unrequested leave constitutes acquiescence by Becky Newgaard to her placement on unrequested leave.

BE IT HEREBY RESOLVED, by the School Board of Independent School District No. 299 that Becky Newgaard be and hereby is placed on unrequested leave of absence as a teacher of Independent School District No. 299 on the grounds of discontinuance of position, financial limitations, and lack of pupils effective at the end of the 2006-2007 school year on June 30, 2007, pursuant to Minnesota Statutes, Sec. 122A.40, Subd. 10, and Article XXIII of the current Master Agreement between the school district and the exclusive representative, without pay or fringe benefits.

BE IT FURTHER RESOLVED, that said placement on unrequested leave of absence is not the result of the implementation of an education district agreement.

BE IT FURTHER RESOLVED, that a notice of placement on unrequested leave, together with a copy of this resolution be forwarded to said teacher personally and that an affidavit of same be placed in her file, together with a copy of the notice and resolution.

NOTICE OF PLACEMENT ON
UNREQUESTED LEAVE OF ABSENCE

April 16, 2007

Mrs. Becky Newgaard
PO Box 574
Spring Grove, MN 55974

Dear Mrs. Newgaard:

You are hereby notified that at the regular meeting of the School Board of Independent School District No. 299 held on Monday, April 16, 2007, a resolution was adopted by majority roll call vote of the full membership of the School Board placing you on unrequested leave of absence as a teacher of Independent School District No. 299 effective at the end of the 2006-2007 school year on June 30, 2007, pursuant to Minnesota Statutes Sec. 122A.40, Subdivision 10, without pay or fringe benefits.

Your placement on unrequested leave of absence is not the result of the implementation of an education district agreement.

A copy of the resolution duly adopted by the School Board is attached hereto for your information.

If a position becomes available in a field in which you are licensed, at any time up to five years after your leave is effective, you may have a right to reinstatement to that position if you have sufficient seniority in the district and if you filed a written request for reinstatement prior to April 1 of each year while you are on leave. If you do not file such a request each year, your right to reinstatement will be automatically terminated.

Please keep the school district's personnel office advised in writing of your address at all times until your right have expired, so that the district may notify you of any available positions for which you may qualify.

Yours very truly,
SCHOOL BOARD OF INDEPENDENT
SCHOOL DISTRICT NO. 299

Jean Meyer
Clerk of the School Board

The motion for the adoption of the foregoing resolution was duly seconded by Member Charlie Wray and upon vote being taken thereon, the following voted in favor thereof: Naomi Fruechte, Matt Hendel, John Klug, Joyce Knutson, Jean Meyer, Michelle Werner, and Charlie Wray. The following voted against the same: None. Whereupon said resolution was declared dully passed and adopted.

Resolution for Placing Staff on Unrequested Leave of Absence

Member Jean Meyer introduced the following resolution and moved its adoption:

RESOLUTION PLACING JAMES GLADIS ON UNREQUESTED LEAVE OF ABSENCE

WHEREAS, the School Board of Independent School District No. 299 adopted a resolution proposing placement of James Gladis on unrequested leave of absence on March 19, 2007, on the grounds of discontinuance of positions, financial limitations and lack of pupils; and

WHEREAS, said written notice of the proposed placement on unrequested leave was received by James Gladis by personal service on Tuesday, March 20, 2007; and

WHEREAS, said written notice of the proposed placement on unrequested leave contained a statement setting forth the reasons for the proposed placement as well as a statement that he was entitled to a hearing before the school board provided he make a request in writing within fourteen days of receipt of said notice, and that if no hearing was requested within said fourteen day period it constituted acquiescence by James Gladis to the school board's proposed action; and

WHEREAS, no written request of any kind was received by the school board or superintendent of schools from James Gladis for a hearing as of April 2, 2007; and

WHEREAS, said failure to make written request for a hearing within fourteen days after receipt of notice of proposed placement on unrequested leave constitutes acquiescence by James Gladis to his placement on unrequested leave.

BE IT HEREBY RESOLVED, by the School Board of Independent School District No. 299 that James Gladis be and hereby is placed on unrequested leave of absence as a teacher of Independent School District No. 299 on the grounds of discontinuance of position, financial limitations, and lack of pupils effective at the end of the 2006-2007 school year on June 30, 2007, pursuant to Minnesota Statutes, Sec. 122A.40, Subd. 10, and Article XXIII of the current Master Agreement between the school district and the exclusive representative, without pay or fringe benefits.

BE IT FURTHER RESOLVED, that said placement on unrequested leave of absence is not the result of the implementation of an education district agreement.

BE IT FURTHER RESOLVED, that a notice of placement on unrequested leave, together with a copy of this resolution be forwarded to said teacher personally and that an affidavit of same be placed in his file, together with a copy of the notice and resolution.

NOTICE OF PLACEMENT ON UNREQUESTED LEAVE OF ABSENCE

April 16, 2007

Mr. James Gladis
408 Winona Street SE
Chatfield, MN 55923

Dear Mr. Gladis:

You are hereby notified that at the regular meeting of the School Board of Independent School District No. 299 held on Monday, April 16, 2007, a resolution was adopted by majority roll call vote of the full membership of the School Board placing you on unrequested leave of absence as a teacher of Independent School District No. 299 effective at the end of the 2006-2007 school year on June 30, 2007, pursuant to Minnesota Statutes Sec. 122A.40, Subdivision 10, without pay or fringe benefits.

Your placement on unrequested leave of absence is not the result of the implementation of an education district agreement.

A copy of the resolution duly adopted by the School Board is attached hereto for your information.

If a position becomes available in a field in which you are licensed, at any time up to five years after your leave is effective, you may have a right to reinstatement to that position if you have sufficient seniority in the district and if you filed a written request for reinstatement prior to April 1 of each year while you are on leave. If you do not file such a request each year, your right to reinstatement will be automatically terminated.

Please keep the school district's personnel office advised in writing of your address at all times until your right have expired, so that the district may notify you of any available positions for which you may qualify.

Yours very truly,
SCHOOL BOARD OF INDEPENDENT
SCHOOL DISTRICT NO. 299

Jean Meyer
Clerk of the School Board

The motion for the adoption of the foregoing resolution was duly seconded by Member Michelle Werner and upon vote being taken thereon the following voted in favor thereof: Naomi Fruechte, Matt Hendel, John Klug, Joyce Knutson, Jean Meyer, Michelle Werner, and Charlie Wray. The following voted against the same: None. Whereupon said resolution was declared dully passed and adopted.

Resolution for Placing Staff on Unrequested Leave of Absence

Member Jean Meyer introduced the following resolution and moved its adoption:

RESOLUTION PLACING SALLY MENSINK ON UNREQUESTED LEAVE OF ABSENCE

WHEREAS, the School Board of Independent School District No. 299 adopted a resolution proposing placement of Sally Mensink on unrequested leave of absence on April 2, 2007, on the grounds of discontinuance of positions, financial limitations and lack of pupils; and

WHEREAS, said written notice of the proposed placement on unrequested leave was received by Sally Mensink by personal service on Tuesday, April 3, 2007; and

WHEREAS, said written notice of the proposed placement on unrequested leave contained a statement setting forth the reasons for the proposed placement as well as a statement that she was entitled to a hearing before the school board provided she make a request in writing within fourteen days of receipt of said notice, and that if no hearing was requested within said fourteen day period it constituted acquiescence by Sally Mensink to the school board's proposed action; and

WHEREAS, no written request of any kind was received by the school board or superintendent of schools from Sally Mensink for a hearing as of April 16, 2007; and

WHEREAS, said failure to make written request for a hearing within fourteen days after receipt of notice of proposed placement on unrequested leave constitutes acquiescence by Sally Mensink to her placement on unrequested leave.

BE IT HEREBY RESOLVED, by the School Board of Independent School District No. 299 that Sally Mensink be and hereby is placed on unrequested leave of absence as a teacher of Independent School District

No. 299 on the grounds of discontinuance of position, financial limitations, and lack of pupils effective at the end of the 2006-2007 school year on June 30, 2007, pursuant to Minnesota Statutes, Sec. 122A.40, Subd. 10, and Article XXIII of the current Master Agreement between the school district and the exclusive representative, without pay or fringe benefits.

BE IT FURTHER RESOLVED, that said placement on unrequested leave of absence is not the result of the implementation of an education district agreement.

BE IT FURTHER RESOLVED, that a notice of placement on unrequested leave, together with a copy of this resolution be forwarded to said teacher personally and that an affidavit of same be placed in her file, together with a copy of the notice and resolution.

NOTICE OF PLACEMENT ON
UNREQUESTED LEAVE OF ABSENCE

April 16, 2007

Sally Mensink
PO Box 32
Houston, MN 55943

Dear Mrs. Mensink:

You are hereby notified that at the regular meeting of the School Board of Independent School District No. 299 held on Monday, April 16, 2007, a resolution was adopted by majority roll call vote of the full membership of the School Board placing you on unrequested leave of absence as a teacher of Independent School District No. 299 effective at the end of the 2006-2007 school year on June 30, 2007, pursuant to Minnesota Statutes Sec. 122A.40, Subdivision 10, without pay or fringe benefits.

Your placement on unrequested leave of absence is not the result of the implementation of an education district agreement.

A copy of the resolution duly adopted by the School Board is attached hereto for your information.

If a position becomes available in a field in which you are licensed, at any time up to five years after your leave is effective, you may have a right to reinstatement to that position if you have sufficient seniority in the district and if you filed a written request for reinstatement prior to April 1 of each year while you are on leave. If you do not file such a request each year, your right to reinstatement will be automatically terminated.

Please keep the school district's personnel office advised in writing of your address at all times until your right have expired, so that the district may notify you of any available positions for which you may qualify.

Yours very truly,
SCHOOL BOARD OF INDEPENDENT
SCHOOL DISTRICT NO. 299

Jean Meyer
Clerk of the School Board

The motion for the adoption of the foregoing resolution was duly seconded by Member Matt Hendel and upon vote being taken upon vote being taken thereon the following voted in favor thereof: Naomi Fruechte, Matt Hendel, John Klug, Joyce Knutson, Jean Meyer, Michelle Werner, and Charlie Wray. The following voted against the same: None. Whereupon said resolution was declared dully passed and adopted.

Termination and Non-renewal of Probationary Teacher

Member Charlie Wray introduced the following resolution and moved its adoption:

RESOLUTION RELATING TO THE TERMINATION AND NONRENEWAL OF THE TEACHING CONTRACT
OF DIANNE STEVENS, A PROBATIONARY TEACHER

WHEREAS, Dianne Stevens is a probationary teacher in Independent School District No. 299,

BE IT RESOLVED, by the School Board of Independent School District No. 299, that pursuant to Minnesota Statutes 122A.40, Subdivision 5, that the teaching contract of Dianne Stevens, a probationary teacher in Independent School District No. 299, is hereby terminated at the close of the current 2006-2007 school year.

BE IT FURTHER RESOLVED, that the written notice be served to said teacher regarding termination and non-renewal of her contract as provided by law, and that said notice shall be in substantially the following form:

NOTICE OF TERMINATION
AND NON-RENEWAL

April 16, 2007

Mrs. Dianne Stevens
424 East Main St
Caledonia, M 55921

Dear Mrs. Stevens:

You are hereby notified that at the regular meeting of the School Board of Independent School District No. 299 held on Monday, April 16, 2007, a resolution was adopted by a majority roll call vote to terminate your contract effective at the end of the current school year and not to renew your contract for the 2007-2008 school year. Said action of the board is taken pursuant to M.S. 122A.40, Subdivision 5.

You may officially request that the School Board give its reasons for the non-renewal of your teaching contract.

Yours very truly,
SCHOOL BOARD OF INDEPENDENT
SCHOOL DISTRICT NO. 299

Jean Meyer
Clerk of the School Board

The motion for the adoption of the foregoing resolution was duly seconded by Member Michelle Werner and upon vote being taken thereon, the following voted in favor thereof: Naomi Fruechte, Matt Hendel, John Klug, Joyce Knutson, Jean Meyer, Michelle Werner, and Charlie Wray. The following voted against the same: None. Whereupon said resolution was declared dully passed and adopted.

Resignations

Moved by Joyce Knutson, seconded by Jean Meyer to accept the resignation from Emily Schroeder as the School-Age Care Program Supervisor effective May 4, 2007, with thanks for her services. Motion carried by a unanimous vote.

ACTION ITEMS

CERTIFICATION OF MINUTES RELATING TO GENERAL OBLIGATION SCHOOL BUILDING REFUNDING BONDS, SERIES 2007B

Member Jean Meyer introduced the following resolution and moved its adoption, which motion was seconded by Matt Hendel.

RESOLUTION AUTHORIZING ISSUANCE, AWARDING THE SALE, PRESCRIBING THE FORM AND DETAILS AND PROVIDING FOR THE PAYMENT OF \$7,275,000 GENERAL OBLIGATION SCHOOL BUILDING REFUNDING BONDS, SERIES 2007B

BE IT RESOLVED by the School Board of Independent School District No. 299 (Caledonia), Minnesota (the District), as follows:

SECTION 1. AUTHORIZATION AND SALE.

1.01. Authorization. This Board hereby determines that it is in the best interests of the District to authorize the issuance and sale of its General Obligation School Building Refunding Bonds, Series 2007B (the Bonds) in the principal amount of \$7,275,000, the proceeds of which would be used, together with any additional funds of the District which might be required, to refund in advance of maturity on February 1, 2009 (the Crossover Date), the 2010 through 2021 maturities, aggregating \$7,210,000 in principal amount, of the District's \$9,515,000 General Obligation School Building Bonds, Series 2000, dated July 1, 2000 (the Refunded Bonds) in a "crossover refunding" as defined in Minnesota Statutes, Section 475.67, Subdivision 13.

1.02. Sale. The District has retained Ehlers & Associates, Inc., as independent financial advisor in connection with the sale of the Bonds. Pursuant to the Official Statement prepared on behalf of the District by Ehlers & Associates, Inc., 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 Cronin & Company, Inc., in Minneapolis, Minnesota, and associates (the Purchaser), to purchase the Bonds at a price of \$7,245,630.90 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.

1.04. Savings. It is hereby determined, with respect to the Refunded Bonds, that:

(a) by the issuance of the Bonds the District will realize a substantial interest rate reduction, a gross savings of approximately \$708,705.00 and a present value savings (using the yield on the Bonds, computed in accordance with Section 148 of the Internal Revenue Code of 1986, as amended (the Code), as the discount factor) of approximately \$521,691.83; and

(b) as of the Crossover Date, the present value of the debt service on the Bonds, computed to their stated maturity dates, after deducting any premium, is at least 3% lower than the sum of (i) the present value of the debt service on the Refunded Bonds, computed to their stated maturity date, plus (ii) any expenses of the refunding payable from a source other than the proceeds of the Bonds or investment earnings thereon, using the yield of the Bonds as the discount rate.

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 May 10, 2007, 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 or duly called for redemption 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>
2010	\$465,000	4.000%	2016	\$615,000	4.000%
2011	490,000	4.000%	2017	640,000	4.000%
	2012	510,000	4.000%	2018	670,000 4.000%
2013	535,000	4.000%	2019	700,000	4.000%
2014	560,000	4.000%	2020	735,000	4.100%
2015	585,000	4.000%	2021	770,000	4.125%

For purposes of complying with the maturity provisions of Minnesota Statutes, Section 475.54, subdivision 1, the maturity schedule for the Bonds is being combined with the maturity schedule for the unfunded portion of the District's \$9,515,000 General Obligation School Building Bonds, Series 2000.

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, 2008, 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 2018 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, 2017, and on any date thereafter, at a price equal to the principal amount thereof and accrued interest to the date of redemption, without premium. 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.

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 or been called for redemption in accordance with its terms 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.

2.09. Form of Bonds. The Bonds shall be prepared in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
HOUSTON COUNTY
INDEPENDENT SCHOOL DISTRICT NO. 299 (CALEDONIA)
GENERAL OBLIGATION SCHOOL BUILDING REFUNDING BOND, SERIES 2007B

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP No.</u>
%	February 1, 20--	May 10, 2007	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THOUSAND DOLLARS

INDEPENDENT SCHOOL DISTRICT NO. 299 (CALEDONIA), HOUSTON 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, 2008, 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 \$7,275,000 (the Bonds), issued by the District to provide funds to refund certain outstanding general obligation school building bonds of the District, and is issued pursuant to and in full conformity with a resolution adopted by the School Board on April 16, 2007 (the Resolution), pursuant to and in full conformity with the Constitution and laws of the State of Minnesota thereunto enabling, including Minnesota Statutes, Chapter 475. The Bonds are issuable only in fully registered form, in denominations of \$5,000 or any integral multiple thereof, of single maturities.

Bonds maturing in 2018 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, 2017, and on any date thereafter, at a price equal to the principal amount thereof plus interest accrued to the date of redemption, without premium. 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.

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 exist, to happen 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 in accordance with its terms, have been done, do exist, have happened 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, if necessary for payment of principal of and interest on the Bonds, additional ad valorem taxes may be levied upon all taxable property in the District without limitation as to rate or amount; and that the issuance of this Bond does not cause the indebtedness of the District to exceed any constitutional or statutory limitation.

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. 299 (Caledonia), Houston 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. 299

(CALEDONIA), MINNESOTA

(Facsimile Signature - Clerk)

(Facsimile Signature - Chairperson)

CERTIFICATE OF AUTHENTICATION

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

U.S. BANK NATIONAL ASSOCIATION,

as 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 3. USE OF PROCEEDS. Upon payment for the Bonds by the Purchaser, the proceeds of the Bonds shall be deposited and applied as follows: (a) an amount not to exceed \$7,211,998.31 shall be deposited in escrow with U.S. Bank National Association, St. Paul, Minnesota (the Escrow Agent), together with funds of the District in such amount as may be required, to be invested in securities authorized for such purpose by Minnesota Statutes, Section 475.67, subdivision 13,

maturing on such dates and bearing interest at such rates as are required to provide funds sufficient, with cash retained in the escrow account, to pay all interest to become due on the Refunding Bonds to and including the Crossover Date and to pay and redeem the outstanding principal of the Refunded Bonds on the Crossover Date; (b) \$32,697.75 shall be used to pay issuance expenses of the Bonds; and (c) \$934.84 shall be deposited in the Debt Service Fund created pursuant to Section 4 hereof. The Chairperson and Clerk are hereby authorized to enter into an Escrow Agreement with the Escrow Agent establishing the terms and conditions for the escrow account in accordance with Minnesota Statutes, Section 475.67.

SECTION 4. DEBT SERVICE FUND AND TAX LEVIES.

4.01. General Obligation School Building Refunding Bonds, Series 2007B Debt Service Fund. The Bonds shall be payable from a separate General Obligation School Building Refunding Bonds, Series 2007B Debt Service Fund (the Debt Service Fund) which shall be created and maintained on the books of the District as a separate debt redemption fund until the Bonds, and all interest thereon, are fully paid. All interest earned on the investments held in the escrow account established in Section 3 to and including the Crossover Date, and all ad valorem taxes levied and collected as hereinafter specified, shall be credited to the Debt Service Fund, as well as any other funds appropriated by the Board for the payment of the Bonds.

4.02. Tax Levy. For the prompt and full payment of the principal of and interest on the Bonds as the same respectively become due, the full faith, credit and taxing powers of the District shall be and are hereby irrevocably pledged. To provide moneys for the payment of the principal of and interest on the Bonds, in addition to the funds specified in Section 4.01, there is hereby levied on all 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 in the amounts as follows, with and as part of other general taxes of the District, as follows:

<u>Levy Years</u>	<u>Collection Years</u>	<u>Amount</u>
2007-2019	2008-2020	See attached Levy Computation

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.

4.03. 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. CERTIFICATION OF PROCEEDINGS.

6.01. Filing with County Auditor. The Clerk is hereby authorized and directed to file with the County Auditor of Houston 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.

6.02. 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.

6.03. Authorization of Payment of Certain Costs of Issuance of the Bonds. The District authorizes the Purchaser to forward the amount of Bond proceeds allocable to the payment of issuance expenses to U.S. Trust Company, Minneapolis, Minnesota, on the closing date for further distribution as directed by the District's financial advisor, Ehlers & Associates, Inc.

6.04. Official Statement. The Official Statement relating to the Bonds, dated April 5, 2007, relating to the Bonds prepared and distributed by Ehlers & Associates, Inc., is hereby approved. Ehlers & Associates, Inc., is hereby authorized on behalf of the District to prepare and distribute to the Purchaser within seven business days from the date hereof, a supplement to the 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 7. TAX COVENANTS, ARBITRAGE MATTERS, AND CONTINUING DISCLOSURE.

7.01. Restrictive Action. 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 will not become includable in gross income of the recipient under the Code and the Regulations. It is hereby certified that the proceeds of the Refunded Bonds were used for refinancing a bond issue, the proceeds of which were used for the acquisition and betterment of school facilities owned and operated by the District and the District covenants and agrees that, so long as the Bonds are outstanding, the District shall not enter into any lease, management agreement, use agreement or other contract with any nongovernmental entity relating to the school facilities so financed which would cause the Bonds to be considered "private activity bonds" or "private loan bonds" pursuant to Section 141 of the Code.

7.02. 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.

7.03. Arbitrage Rebate. The District acknowledges that the Bonds are subject to the rebate requirements of Section 148(f) of the Code. The District covenants and agrees to retain such records, make such determinations, file such reports and documents and pay such amounts at such times as are required under Section 148(f) and applicable Regulations to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes, unless the Bonds qualify for an exception from the rebate requirement pursuant to one of the spending exceptions set forth in Section 1.148-7 of the Regulations and no "gross proceeds" of the Bonds (other than amounts constituting a "bona fide debt service fund") arise during or after the expenditure of the original proceeds thereof.

7.04. Not Qualified Tax-Exempt Obligations. The District does not designate 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.

7.05. 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. The District has complied in all material respects with any undertaking previously entered into by it under the Rule. 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 (i) 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 365 days after the end of each fiscal year of the District, commencing with the fiscal year ending June 30, 2007, 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, containing balance sheets as of the end of such fiscal year and a statement of operations, changes in fund balances and cash flows for the fiscal year then ended, showing in comparative form such figures for the preceding fiscal year of the District, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified 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: Current Property Valuations; Direct Debt; Tax Levies and Collections; Student Body; and Employment/Unemployment, 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 each of the repositories hereinafter referred to under subsection (c) or the SEC. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. 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, notice of the occurrence of any of the following events which is a Material Fact (as hereinafter defined):

(A) Principal and interest payment delinquencies;

- (B) Non-payment related defaults;
- (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 or events affecting the tax-exempt status of the security;
- (G) Modifications to rights of security holders;
- (H) Bond calls;
- (I) Defeasances;
- (J) Release, substitution, or sale of property securing repayment of the securities; and
- (K) Rating changes.

As used herein, 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 an event 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.

(3) In a timely manner, 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. The District agrees to make available the information described in subsection (b) to the following entities by telecopy, overnight delivery, mail or other means, as appropriate:

- (1) the information described in paragraph (1) of subsection (b), to each then nationally recognized municipal securities information repository under the Rule and to any state information depository then designated or operated by the State of Minnesota as contemplated by the Rule (the State Depository), if any;
- (2) the information described in paragraphs (2) and (3) of subsection (b), to the Municipal Securities Rulemaking Board and to the State Depository, if any; and
- (3) the information described in subsection (b), to any rating agency then maintaining a rating of the Bonds at the request of the District and, at the expense of such Bondowner, to any Bondowner who requests in writing such information, at the time of transmission under paragraphs (1) or (2) of this subsection (c), as the case may be, or, if such information is transmitted with a subsequent time of release, at the time such information is to be released.

(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)(3) hereof) or the consent of the Owners of any Bonds, by a resolution of this Council 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 8. REDEMPTION OF REFUNDED BONDS. The Clerk is directed to call the Refunded Bonds for redemption and prepayment at their earliest permissible redemption date (February 1, 2009) and to give notice of redemption in accordance with the resolution authorizing issuance of the Refunded Bonds.

SECTION 9. STATE PAYMENT; DISTRICT AND REGISTRAR OBLIGATIONS. The District hereby covenants and obligates itself to notify the Commissioner of Education 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 of Education 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 of Education 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 of Education and the Commissioner of Finance 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 Education 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 Finance or the Commissioner of Education.

Upon vote being taken on the foregoing resolution, the following voted in favor thereof: Naomi Fruechte, Matt Hendel, John Klug, Joyce Knutson, Jean Meyer, Michelle Werner, and Charlie Wray. The following voted against the same: None. Whereupon said resolution was declared dully passed and adopted.

Family, Career & Community Leaders of America (FCCLA) School Trip

Moved by Jean Meyer, seconded by Charlie Wray to approve the FCCLA Group to attend the FCCLA State Conference trip on Thursday, April 19, 2007, through Saturday, April 21, 2007. Motion carried by a unanimous vote.

State FFA Convention Trip

Moved by Joyce Knutson, seconded by Matt Hendel to approve the FFA Group to attend the State FFA Convention on Sunday, April 22, 2007, through Tuesday, April 24, 2007, in the St. Paul and Minneapolis campus' of the University of Minnesota. Motion carried by a unanimous vote.

Student Teacher Agreement Between St. Mary's University of Minnesota and ISD #299

Member Charlie Wray introduced the following agreement and moved its adoption:

Be it Resolved, that Independent School District No. 299 enters into an agreement with Saint Mary's University of Minnesota, for the purpose of providing aiding and/or observation experience for students from Saint Mary's University of Minnesota.

Be it further Resolved, that the chairman and clerk be and they hereby are authorized to execute such agreement.

The motion for the adoption of the foregoing Agreement was duly seconded by Member Joyce Knutson and upon vote being taken thereon, the following voted in favor thereof: Naomi Fruechte, Matt Hendel, John Klug, Joyce Knutson, Jean Meyer, Michelle Werner, and Charlie Wray. The following voted against the same: None. Whereupon said agreement was declared dully passed and adopted.

2007-2008 Resolution for Membership in the Minnesota State High School League

Member Michelle Werner introduced the following resolution and moved its adoption:

RESOLVED, that the Governing Board of School District No. 299, Caledonia Area Middle School/High School, County of Houston, State of Minnesota delegates the control, supervision and regulation of interscholastic athletic and fine arts events (referred to in MN Statues, Section 128C.01) to the Minnesota State High School League, and so hereby certifies to the State Commissioner of Children, Families & Learning as provided by Minnesota Statues.

FURTHER RESOLVED, that the Caledonia Area Middle School/High School is authorized by this, the Governing Board of said school district or school to renew its membership in the Minnesota State High School League; and, participate in the approved interschool activities sponsored by said League and its various subdivisions.

FURTHER RESOLVED, that this Governing Board hereby adopts the Constitution, Bylaws, Rules and Regulations of said League and all amendments thereto as the same as are published in the latest edition of the League's Official Handbook, on file at the office of the school district or as appears on the League's Web site, as the minimum standards governing participation in said League-sponsored activities, and that the administration and responsibility for determining student eligibility and for the supervision of such activities are assigned to the official representative identified by the Governing Board.

The above resolution was adopted by the Governing Board of this school district and is recorded in the official minutes of said Board and hereby is certified to the State Commissioner of Education as provided for by law.

The motion for the adoption of the foregoing resolution was duly seconded by Director Jean Meyer, and upon vote being taken thereon, the following board members voted in favor thereof: Naomi Fruechte, Matt Hendel, John Klug, Joyce Knutson, Jean Meyer, Michelle Werner, and Charlie Wray. The following voted against the same: None. Whereupon, the Board of Chairperson declared the resolution duly passed and adopted this 16th day of April, 2007, at a regular meeting of the School Board of Independent School District 299, Caledonia, Minnesota.

Memorandum of Understanding Between the Houston County Drug Free Coalition and ISD #299

Member Jean Meyer introduced the following Memorandum of Understanding and moved its adoption:

Memorandum of Understanding Between the Houston County Drug Free Coalition and ISD #299

As an active partner of the Houston County Drug Free Coalition, Independent School District No. 299 supports the Houston County Drug Free Coalition application to the Drug-Free Communities Support Program.

Independent School District No. 299 supports the efforts of the Houston County Family Services Collaborative intervention and prevention of abuse of alcohol, tobacco, and other drugs (ATOD) and child abuse

and neglect in our county. We are pleased to partner with Houston County Family Services Collaborative on their initiative to expand into a Drug Free Communities Coalition with focus on ATOD which will include community and youth education, parent information meetings, focus groups, etc.

We will contribute to the Houston County Drug Free Coalition Drug-Free Communities Support Program project by:

1. Collaborating as a strategic planning partner
2. Inviting youth representing the Houston County Drug Free Coalition to making annual presentations at Caledonia Area Public Schools
3. Serving on the Houston County Drug Free Coalition
4. Mentoring youth developing educational materials
5. Collaborating on educational opportunities/leadership for minority youth

The motion for the adoption of the foregoing Memorandum of Understanding was duly seconded by Director Charlie Wray, and upon vote being taken thereon, the following board members voted in favor thereof: Naomi Fruechte, Matt Hendel, John Klug, Joyce Knutson, Jean Meyer, Michelle Werner, and Charlie Wray. The following voted against the same: None. Whereupon, the Board of Chairperson declared the Memorandum of Understanding duly passed and adopted this 16th day of April, 2007, at a regular meeting of the School Board of Independent School District 299, Caledonia, Minnesota.

ADMINISTRATIVE REPORTS

Mr. Doty updated the board regarding school district testing.

Mr. Helmers informed the board that prom is on April 28th and that a group of parents are sponsoring an After Prom Party. The decorations will be left in place for the Senior Prom which is going to be held on April 29th. The spring sports season has begun. The projected enrollment of the freshmen class for the 2007-2008 school year is going to be approximately 98 students, which was more than anticipated.

Mrs. Hesse updated the board regarding the ISD #299 Curriculum Committee Meeting on April 10th. They are in the process of adopting the Fine Arts Textbooks for the 2007-2008 school year. The elementary office mailed out approximately 70 thank you cards recognizing volunteers during National Volunteer Week. Lunch and Recess with Dads is going to be held on April 20th. The fifth grade transition retreat is going to be held on May 4th and May 5th.

Superintendent Moriarty updated the board regarding the progress at the Capitol. The bidding documents for the middle/high school energy project will be opened on May 8th. He stated that there are two very interested local contractors for the new school phone system, and that he and Evan will be meeting with one of these companies this week. The first draft of the proposed budget will be given to the board members at the May meeting with the adoption of this budget taking place at the June school board meeting.

Moved by Jean Meyer, seconded by Joyce Knutson to have the Building and Grounds Committee review the opened bids for the middle/high school energy projects on May 8, 2007, at 7:00 p.m. and to have them make the decision regarding the bids received for the energy project and to report back to the board at the May 21, 2007, school board meeting. Motion carried by a unanimous vote.

Mrs. Runningen informed the board that the SAC Program open house will be held on April 24th. The SAC Program received a Book Smart Grant. The community education advisory council meeting will be held on April 30th. An update from the ECFE/School Readiness Program was shared with the board. The District #299 Foundation Fun Night was a great success.

OLD BUSINESS ITEMS

The board reviewed Sections 300 and 400 of the District No. 299 Policy Manual and no changes need to be made with these policies. The school district harassment policy will be added to Policy #408. The board will review Section 500 at the May regular school board meeting.

NEW BUSINESS ITEMS

The school board discussed with the administration and Mr. Harguth the process on how the cost of materials is charged to students for the industrial arts programs.

DIRECTORS' REPORTS

Director Fruechte updated the board regarding the HVED board meeting she attended. Mr. Gary Woodard from HVED is planning on attending a school board meeting this summer to give an overview of the Hiawatha Valley Ed District (HVED).

Director Meyer and Superintendent Moriarty updated the board on the Legislative Event they both attended. This was the first year that they invited the city, county, and school administrators on the same day, which they felt was a good idea.

ADJOURNMENT

Moved by Joyce Knutson, seconded by Jean Meyer to adjourn the meeting at 9:20 p.m. Motion carried by a unanimous vote.

Jean Meyer, Clerk