

# **SCHOOL BOARD MINUTES**

**Monday, August 15, 2005**

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

The meeting was called to order by Chair Charlie Wray at 7:00 p.m. Members present were Mary Frank, Naomi Fruechte, Jean Meyer, Mike Novak, Chuck Schulte, and Charlie Wray. Also present were Superintendent Michael Moriarty, Nancy Runningen, and Principals Brian Doty, Ronald Helmers and Connie Hesse. Others present were Amy Schmidt, Karen Schiltz, Dave Heiller, Kristin Hanson from Ehlers, Emily Loger, and Mary Lou Busta. Absent was Director Barbara Hurley.

## **APPROVAL OF AGENDA**

Moved by Mary Frank, seconded by Naomi Fruechte to approve the agenda as amended to include the hiring of Tom Voshart and Tim Hoch; to withdraw the employment of Edward Hoskin; and to discuss the length of the school board meetings. Motion carried by a unanimous vote.

## **APPROVAL OF PAST MEETING MINUTES**

Moved by Jean Meyer, seconded by Naomi Fruechte to approve the minutes of the July 18, 2005, regular school board meeting. Motion carried by a unanimous vote.

## **TREASURER'S REPORT & AUTHORIZATION OF ACCOUNTS PAYABLE**

Moved by Chuck Schulte, seconded by Mary Frank to approve the electronic transfers and bills due and payable amounting to \$312,912.33, including check numbers 41110 through 41246. Motion carried by a unanimous vote.

## **ADMINISTRATIVE REPORTS**

Mr. Doty updated the board regarding the First Annual State-Wide District Testing Coordinator Conference he attended. He informed the board that the middle school is in the process of setting up the advisor/advisee groups, will be interviewing for the special educational teaching position, the middle school website has been updated, and the Middle School Open House will be held on Tuesday, August 23, 2005, at 6:00 p.m.

Mr. Helmers informed the board the High School 9<sup>th</sup> Grade and New Student Orientation will be held on Tuesday, August 23, 2005, at 7:00 p.m. He updated the board regarding the AP Test results and Honors-On-Line. He stated the high school enrollment is up at this time. New teacher orientation will be held on Thursday, August 25<sup>th</sup>. He has visited with the football players and is planning on visiting with all athletic teams before school starts.

Mrs. Hesse updated the board regarding the staff development budget and the district staff development budget for the 2004-2005 school year. She presented to the board information with regard to the Summer Success Program, which is in its final week, and information regarding the 2005-2006 After School Program which will begin on October 4, 2005.

Superintendent Moriarty informed the board that he is continuing to work with Kraus-Anderson and SGN with regard to the pads heaving under the exit doors at the middle/high school building. He stated the walking/running path will be completed this week. The audit was completed last week and will be possibly presented to the board at the October 17, 2005, school board meeting. The school district is still in process of hiring a weekend custodian.

Mrs. Runningen introduced Emily Loger as the School Age Childcare Supervisor and informed the board there are currently 17 students registered for this program, which will start on Friday, September 2, 2005. She stated they are in the process of getting the facilities use on the web page and updated the board regarding the

Community Ed Fall Programming schedule.

Mrs. Busta discussed with the board the annual report for the Early Childhood Family Education (ECFE) and School Readiness Programs.

## **PERSONNEL ITEMS**

### **Resignations**

Moved by Chuck Schulte, seconded by Jean Meyer to approve the following resignations with thanks for their services to the school district: James Olson as the part-time middle/high school janitor effective August 1, 2005, Vern Yolton as the part-time weekend middle/high school janitor effective immediately; Greta Mierau as the part-time middle/high school teacher effective immediately; Sara Fruechte as the junior high volleyball coach effective immediately; and Edward Hoskin withdrew his application as the boys' assistant soccer coach. Motion carried by a unanimous vote.

### **New Hires**

Moved by Chuck Schulte, seconded by Naomi Fruechte to ratify the following contracts: Tim Hoch as the assistant boys' soccer coach beginning the 2005-2006 school year at \$2,053.00 at III/0; Cori Ronnenberg as the junior high volleyball coach beginning the 2005-2006 school year at \$1,633.00 at I/3; Ruth Ann St. Mary as the part-time middle/high school cook beginning the 2005-2006 school year at \$8.67 per hour at III/P; Emily Loger as the School Age Care Program Supervisor beginning the 2005-2006 school year at \$10.35 per hour at IX/P; Ashley Proulx as the junior high volleyball coach beginning the 2005-2006 school year at I/0 at \$1,483.00; Tom Voshart as the part-time middle/high school janitor beginning August 29, 2005, at \$8.18 per hour at I/P. Motion carried by a unanimous vote.

### **Long-Term Substitute**

Moved by Chuck Schulte, seconded by Mary Frank to ratify the long-term substitute contract to Laura Eglinton to begin August 29, 2005, during the maternity leave of Becky Newgaard and to continue through Friday, September 30, 2005, or upon the return of Mrs. Newgaard at a daily rate of \$163.33 based on a BA/0. Motion carried by a unanimous vote.

## **ACTION ITEMS**

### **Aid Anticipation Certificates**

Member Mary Frank introduced the following resolution and moved its adoption, which motion was seconded by Member Naomi Fruechte:

#### **RESOLUTION RELATING TO \$900,000 GENERAL OBLIGATION AID ANTICIPATION CERTIFICATES OF INDEBTEDNESS, SERIES 2005A; AUTHORIZING THE ISSUANCE, AWARING THE SALE AND ESTABLISHING THE TERMS THEREOF**

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

SECTION 1. AUTHORIZATION. It is hereby found, determined and declared that certain state aids for schools receivable by the District during the July 1, 2005, to June 30, 2006 school year will not be received in time to meet necessary expenditures for the purposes for which such aids are receivable. The District is authorized, pursuant to Minnesota Statutes, Sections 126C.50 through 126C.56, to borrow money by the issuance of its aid anticipation certificates of indebtedness in a principal amount not greater than 75% of the amount of such aids receivable by the District during the 2005-2006 school year and has determined to issue its General Obligation Aid Anticipation Certificates of Indebtedness, Series 2005A in the amount of \$900,000 (the Certificates) against aids receivable for the Operating Funds. The principal amount of the Certificates issued pursuant to this resolution is within said statutory borrowing limitation.

SECTION 2. SALE. The District has retained Ehlers & Associates, Inc., as independent financial advisor in connection with the sale of the Certificates. Pursuant to the Sale Details which were distributed to potential purchasers by Ehlers & Associates, Inc., sealed proposals for the purchase of the Certificates were received at or prior to the time specified for opening proposals. The proposals have been opened and publicly read and considered, and the purchase price, interest rate

and net interest cost under the terms of each proposal have been determined. The most favorable offer received is that of Wells Fargo Brokerage Services, in Minneapolis, Minnesota, (the Purchaser) to purchase the Certificates at a price of \$903,388.00, with interest at the annual rate of 3.1525%, payable at maturity. Such offer is hereby accepted, and the Chairperson and Clerk are hereby authorized and directed to execute a contract on the part of the District for the sale of the Certificates to the Purchaser.

SECTION 3. CERTIFICATE TERMS. The Certificates shall be prepared under the supervision of the Clerk and shall bear interest at the rate stated in Section 2 hereof from date of issue until paid. The Certificates shall be dated August 29, 2005, shall mature on September 29, 2006, without option of prior payment, and shall be in the denomination of \$5,000 or any integral multiple thereof. The Certificates shall be issuable only in fully registered form, and the ownership of the Certificates shall be transferred only upon the bond register of the District hereinafter described. Upon presentation and surrender of each Certificate, the principal amount thereof and the interest thereon shall be payable to the registered owner thereof by check or draft issued by the registrar, transfer agent and paying agent hereinafter described.

SECTION 4. APPOINTMENT OF INITIAL REGISTRAR. The District hereby appoints Bond Trust Services Corporation in Roseville, Minnesota as the initial registrar, transfer agent and paying agent (the Registrar). The Chairperson and 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 any Registrar upon thirty (30) days notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Certificates in its possession to the successor Registrar and shall deliver the certificate register to the successor Registrar.

SECTION 5. REGISTRAR, TRANSFER AGENT AND PAYING AGENT. The effect of registration and the rights and duties of the District and the Registrar with respect thereto shall be as follows:

- (a) The Registrar shall keep at its principal corporate trust office a register in which the Registrar shall provide for the registration of ownership of and the registration of transfers and exchanges of Certificates entitled to be registered, transferred or exchanged.
- (b) Upon surrender for transfer of any Certificate 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 Certificates of a like aggregate principal amount as requested by the transferor.
- (c) All Certificates surrendered upon any transfer or exchange shall be promptly canceled by the Registrar and thereafter disposed of as directed by the District.
- (d) When any Certificate is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Certificate or separate instrument of 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.
- (e) The District and the Registrar may treat the person in whose name any Certificate is at any time registered in the register as the absolute owner of such Certificate, whether such Certificate shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Certificate and for all other purposes, and any such payment so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability of the District upon such Certificate to the extent of the sum or sums so paid.
- (f) For every transfer or exchange of Certificates, 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.
- (g) In case any Certificate shall become mutilated or be lost, stolen or destroyed, the Registrar shall deliver a new Certificate of like amount and tenor in exchange and substitution for and upon cancellation of any such mutilated Certificate or in lieu of and in substitution for any such Certificate lost, stolen or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Certificate lost, stolen or destroyed, upon filing with the Registrar of evidence satisfactory to it that such Certificate was lost, stolen or destroyed, 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 Certificates so surrendered to the Registrar shall be canceled by it and evidence of such cancellation shall be given to the District. If the mutilated, lost, stolen or destroyed Certificate has already matured, it shall not be necessary to issue a new Certificate prior to payment.

SECTION 6. SECURITIES DEPOSITORY. The following provisions shall apply, unless otherwise designated by the Purchaser:

(a) For purposes of this section the following terms shall have the following meanings:

"Beneficial Owner" shall mean, whenever used with respect to a Certificate, the person in whose name such Certificate is recorded as the beneficial owner of such Certificate 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 Certificates.

"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 Certificates as securities depository.

"Representation Letter" shall mean the Representation Letter pursuant to which the sender agrees to comply with DTC's Operational Arrangements.

(b) The Certificates shall be initially issued as separately authenticated fully registered Certificates, and one Certificate shall be issued in the principal amount of each stated maturity of the Certificates. Upon initial issuance, the ownership of such Certificates 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 Certificates registered in its name for the purposes of payment of the principal of or interest on the Certificates, selecting the Certificates or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Certificates under this resolution, registering the transfer of Certificates, 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 Certificates 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 Certificates, 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 Certificates, with respect to any notice which is permitted or required to be given to owners of Certificates 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 Certificates, or with respect to any consent given or other action taken by DTC as registered owner of the Certificates. So long as any Certificate is registered in the name of Cede & Co., as nominee of DTC, the Registrar shall pay all principal of and interest on such Certificate, and shall give all notices with respect to such Certificate, 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 Certificates to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Certificate 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 Certificates 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 Certificates 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 Certificates in the form of certificates. In such event, the Certificates will be transferable in accordance with paragraph (e) hereof. DTC may determine to discontinue providing its services with respect to the Certificates 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 Certificates will be transferable in accordance with paragraph (e) hereof.

(d) The execution and delivery of the Representation Letter to DTC by the President or Clerk is hereby authorized and directed.

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

SECTION 7. EXECUTION AND DELIVERY. The Certificates shall be executed by the signatures of the Chairperson and the Clerk, provided that such signatures may be printed, engraved or lithographed facsimiles thereof. Notwithstanding such execution, no Certificate 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 Certificate has been duly executed by the manual signature of an

authorized representative of the Registrar. Certificates of authentication on different Certificates need not be signed by the same representative. The executed certificate of authentication on each Certificate shall be conclusive evidence that it has been authenticated and delivered under this resolution. When the Certificates have been fully executed and authenticated, they shall be delivered to the Purchaser upon receipt of payment of the purchase price, including accrued interest to the date of delivery. The Purchaser shall not be required to see to the application of the proceeds of the Certificates.

SECTION 8. FORM OF CERTIFICATES. The Certificates 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 AID ANTICIPATION  
CERTIFICATE OF INDEBTEDNESS, SERIES 2005A

R-1			\$900,000
<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP No.</u>
3.1525 %	September 29, 2006	August 29, 2005	129307

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: NINE HUNDRED THOUSAND DOLLARS

Independent School District No. 299 (Caledonia), in Houston County, State of Minnesota (the School District), a duly organized and existing independent school district, hereby acknowledges itself to be indebted and for value received, hereby promises to pay to the registered owner named above, or registered assigns, the principal amount specified above, on the maturity date specified above, without option of prior payment, with interest thereon at the rate per annum specified above, payable on the maturity date specified above, to the person in whose name this Certificate is registered at the close of business on the date which is 15 days prior to the maturity date specified above (whether or not a business day) upon presentation and surrender of this Certificate. 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 Bond Trust Services Corporation, Roseville, Minnesota, as bond registrar, transfer agent and paying agent, or its successor designated under the Resolution described herein (the Registrar). For the prompt and full payment of the principal and interest as the same become due, the full faith and credit and taxing powers of the School District have been and are hereby irrevocably pledged.

This Certificate is one of an issue in the aggregate principal amount of \$900,000, issued pursuant to and in accordance with the Constitution and laws of the State of Minnesota thereunto enabling, including Minnesota Statutes, Sections 126C.50 through 126C.56, and pursuant to a resolution duly adopted by the School Board of the School District on August 15, 2005 (the Resolution), for the purpose of anticipating receipt of certain unpaid state aids for schools receivable by the School District for the school year in which this Certificate is issued.

The Certificates are issuable only in fully registered form, in denominations of \$5,000 or any integral multiple thereof.

The School District has designated the Certificates as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended, relating to the deduction of interest expense allocable to the Certificates by certain financial institutions.

As provided in the Resolution and subject to certain limitations set forth therein, this Certificate is transferable upon the books of the School 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 Certificates of other authorized denominations. Upon such transfer or exchange, the School District will cause a new Certificate or Certificates 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.



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 certificate form]

**SECTION 9. USE OF PROCEEDS.** The proceeds of the Certificates shall be deposited in the Operating Funds of the District and shall be used solely to pay claims duly approved and allowed with respect to current operating expenses of the kinds and within the amounts provided in the official budget of the District. Such proceeds shall be recorded as liabilities of such funds, pursuant to Minnesota Statutes, Section 123B.78.

**SECTION 10. DEBT SERVICE FUND.** A General Obligation Aid Anticipation Certificates of Indebtedness, Series 2005A Debt Service Fund (the Debt Service Fund) shall be created for the repayment of the principal of and interest on the Certificates and shall be maintained by the School District Treasurer separate and apart from all other funds of the District. There shall be credited to the Debt Service Fund any amount in excess of \$ \_\_\_\_\_ received by the District in the sale of the Certificates. At such time as state aids for schools distributable to the District for the current school year, receipts of which are to be recorded as assets of the Operating Funds of the District pursuant to the Uniform Financial Accounting and Reporting System for Minnesota school districts, and which remain to be received, are in the amount of 105% of the principal and interest due on the Certificates issued to fund the deposit to the Operating Funds, on their maturity date, there shall be deposited in the Debt Service Fund all subsequent receipts of such aids or other moneys of the District legally available therefor, until the balance in the Debt Service Fund is sufficient to pay all principal and interest due on the Certificates at maturity.

The full faith and credit of the District are pledged to the payment of the Certificates, and, in accordance with Minnesota Statutes, Section 475.61, the District hereby covenants and agrees that in the event of a deficiency in moneys to pay principal of and interest on the Certificates when due, it will levy and cause to be extended upon all taxable property within its corporate limits such ad valorem taxes as may be required for the payment of such principal and interest in full.

**SECTION 11. TAX COVENANTS AND ARBITRAGE MATTERS.**

11.01. Restrictive Action. The District covenants and agrees with the owners from time to time of the Certificates that it will not take, or permit to be taken by any of its officers, employees or agents, any action which would cause the interest on the Certificates to become includible in gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the Code), and applicable Treasury Regulations (the Regulations), and covenants to take any and all actions within its powers to ensure that the interest on the Certificates will not become includible in gross income for federal income tax purposes under the Code and the Regulations.

11.02. Statement of Capital Expenditures and Arbitrage Certificate. The Board estimates that the principal amount of the Certificates does not exceed (i) the largest amount by which working capital expenditures in the Operating Funds of the District exceed available amounts for payment thereof during the period for which such aids are anticipated and during which the Certificates will be outstanding, and (ii) the amount of a working capital reserve equal to five percent of the District's working capital expenditures in the Operating Funds for the prior fiscal year, all as contemplated by the Regulations. The District Treasurer is directed to prepare a statement of estimated capital expenditures during the period for which such aids and other funds are anticipated and during which the Certificates will be outstanding for the purpose of verifying the correctness of this estimate. In the event that such statement does not verify such estimate, the principal amount of the Certificates shall be reduced to such amount as will not exceed the amount permitted by the Regulations. Prior to the issuance of the Certificates, the Chairperson and the Clerk, being the officers of the District charged with the responsibility for issuing the Certificates pursuant to this resolution, shall execute and deliver to the Purchaser a certificate as contemplated by the Regulations stating the facts, estimates and circumstances in existence on the date of issuance and delivery of the Certificates which indicate that the proceeds of the Certificates will not be used in a manner that would cause the Certificates to be "arbitrage bonds" within the meaning of the Code and Regulations.

11.03. Arbitrage Rebate Exemption. (a) It is hereby found that the District has general taxing powers, that no Certificate is a "private activity bond" within the meaning of Section 141 of the Code, that 95% or more of the net proceeds of the Certificates 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 during the year 2005 is not reasonably expected to exceed \$5,000,000. Therefore, the District shall not be required to comply with the arbitrage rebate requirements of Section 148(f) of the Code.

(b) If notwithstanding the provisions of paragraph (a) of this Section 11.03, the arbitrage rebate provisions of Section 148(f) of the Code apply to the Certificates, the District hereby covenants and agrees 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).

11.04. Qualified Tax-Exempt Obligations. The District hereby designates the Certificates 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 during calendar year 2005 does not exceed \$10,000,000.

## SECTION 12. CERTIFICATION OF PROCEEDINGS.

12.01. County Auditor's Registration. The Clerk is hereby authorized and directed to file a certified copy of this resolution with the County Auditor of Houston County and to obtain from the County Auditor a certificate that the Certificates have been duly entered upon the bond register as required by law.

12.02. Proceedings. The officers of the District and the County Auditor are hereby authorized to furnish to the Purchaser and to Dorsey & Whitney LLP, the attorneys approving the legality of the issuance of the Certificates, certified copies of any resolution of the District relating thereto, and such certificates and affidavits as to other matters appearing in their official records or otherwise known to them as may be reasonably required to evidence the legality and marketability of the Certificates. All such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed to constitute representations and recitals of the District as to the correctness of all statements contained therein.

12.03. Authorization of Payment of Certain Costs of Issuance of the Certificates. The District authorizes the Purchaser to forward the amount of Certificate 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.

12.04. Official Statement. The Preliminary Official Statement, dated August 4, 2005, relating to the Certificates, prepared and distributed by Ehlers & Associates, Inc., financial advisor to the District, is hereby approved, and the officers of the District are hereby authorized in connection with the delivery of the Certificates to sign such certificates as may be necessary with respect to the accuracy and completeness of the Official Statement.

SECTION 13. CONTINUING DISCLOSURE. The Securities and Exchange Commission (the SEC) has promulgated certain amendments to Rule 15c2-12 under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) (the Rule) that make it unlawful for an underwriter to participate in the primary offering of municipal securities in a principal amount of \$1,000,000 or more unless, before submitting a bid or entering into a purchase contract for the Certificates, it has reasonably determined that the issuer or an obligated person has undertaken in writing for the benefit of the bondholders to provide certain disclosure information to prescribed information repositories on a continuing basis or unless and to the extent the offering is exempt from the requirements of the Rule. The principal amount of the Certificates is less than \$1,000,000. The District hereby represents that it has not issued within the six months before the date of issuance of the Certificates, and that it reasonably expects that it will not issue within six months after the date of issuance of the Certificates, other securities of the District of substantially the same security and providing financing for the same general purpose or purposes as the Certificates. Consequently, this Board hereby finds that the Rule is inapplicable to the Certificates, because the aggregate principal amount of the Certificates and any other securities required to be integrated with the Certificates thereunder is less than \$1,000,000. Therefore, the District will not enter into any undertaking to provide continuing disclosure of any kind with respect to the Certificates.

SECTION 14. 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 Certificates 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 Certificates when due. The District further covenants to deposit with the Registrar not less than three business days prior to September 29, 2006, 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 Certificates at maturity or, if on the date two business days prior to maturity, there are insufficient funds on deposit with the Registrar to pay the Certificates in full at maturity. 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. The District shall do all other things which may be necessary to perform the obligations 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 thereon, the following voted in favor thereof: Mary Frank, Naomi Fruechte, Jean Meyer, Mike Novak, Chuck Schulte, and Charlie Wray. The following voted against the same: None. Absent was Director Barbara Hurley. Whereupon the resolution was declared duly passed and adopted.

### Internet Use Policy #607

Moved by Naomi Fruechte, seconded by Mary Frank to adopt Internet Use Policy #607 as stated:

## **INTERNET ACCEPTABLE USE AND SAFETY POLICY**

### **I. PURPOSE**

The purpose of this policy is to set forth policies and guidelines for access to the school district computer system and acceptable and safe use of the Internet, including electronic communications.

### **II. GENERAL STATEMENT OF POLICY**

In making decisions regarding student and employee access to the school district computer system and the Internet, including electronic communications, the school district considers its own stated educational mission, goals, and objectives. Electronic information research skills are now fundamental to preparation of citizens and future employees. Access to the school district computer system and to the Internet enables students and employees to explore thousands of libraries, databases, bulletin boards, and other resources while exchanging messages with people around the world. The school district expects that faculty will blend thoughtful use of the school district computer system and the Internet throughout the curriculum and will provide guidance and instruction to students in their use.

### **III. LIMITED EDUCATIONAL PURPOSE**

The school district is providing students and employees with access to the school district computer system, which includes Internet access. The purpose of the system is more specific than providing students and employees with general access to the Internet. The school district system has a limited educational purpose, which includes use of the system for classroom activities, educational research, and professional or career development activities. Users are expected to use Internet access through the district system to further educational and personal goals consistent with the mission of the school district and school policies. Uses which might be acceptable on a user's private personal account on another system may not be acceptable on this limited-purpose network.

### **IV. USE OF SYSTEM IS A PRIVILEGE**

The use of the school district system and access to use of the Internet is a privilege, not a right. Depending on the nature and degree of the violation and the number of previous violations, unacceptable use of the school district system or the Internet may result in one or more of the following consequences: suspension or cancellation of use or access privileges; payments for damages and repairs; discipline under other appropriate school district policies, including suspension, expulsion, exclusion or termination of employment; or civil or criminal liability under other applicable laws.

### **V. UNACCEPTABLE USES**

A. The following uses of the school district system and Internet resources or accounts are considered unacceptable:

1. Users will not use the school district system to access, review, upload, download, store, print, post, receive, transmit or distribute:

- a. pornographic, obscene or sexually explicit material or other visual depictions that are harmful to minors;
- b. obscene, abusive, profane, lewd, vulgar, rude, inflammatory, threatening, disrespectful, or sexual explicit language;
- c. materials that use language or images that are inappropriate in the education setting or disruptive to the educational process;
- d. information or materials that could cause damage or danger of disruption to the educational process;
- e. materials that use language or images that advocate violence or discrimination toward other people (hate literature) or that may constitute harassment or discrimination.

2. Users will not use the school district system to knowingly or recklessly post, transmit or distribute false or defamatory information about a person or organization, or to harass another person, or to engage in personal attacks, including prejudicial or discriminatory attacks.

3. Users will not use the school district system to engage in any illegal act or violate any local, state or federal statute or law.

4. Users will not use the school district system to vandalize, damage or disable the property of another person or organization, will not make deliberate attempts to degrade or disrupt equipment, software or system performance by spreading computer viruses or by any other means, will not tamper with, modify or change the school district system software, hardware or wiring or take any action to violate the school district's security system, and will not use the school district system in such a way as to disrupt the use of the system by other users.

5. Users will not use the school district system to gain unauthorized access to information resources or to access another person's materials, information or files without the implied or direct permission of that person.

6. Users will not use the school district system to post private information about another person, personal contact information about themselves or other persons, or other personally identifiable information, including, but not limited to, addresses, telephone numbers, school addresses, work addresses, identification numbers, account numbers, access codes or passwords, labeled photographs or other information that would make the individual's identity easily traceable, and will not repost a message that was sent to the user privately without permission of the person who sent the message.

7. Users must keep all account information and passwords on file with the designated school district official. Users will not attempt to gain unauthorized access to the school district system or any other system through the school district system, attempt to log in through another person's account, or use computer accounts, access codes or network identification other than those assigned to the user. Messages and records on the school district system may not be encrypted without the permission of appropriate school authorities.

8. Users will not use the school district system to violate copyright laws or usage licensing agreements, or otherwise to use another person's property without the person's prior approval or proper citation, including the downloading or exchanging of pirated software or copying software to or from any school computer, and will not plagiarize works they find on the Internet.

9. Users will not use the school district system for conducting business, for unauthorized commercial purposes or for financial gain unrelated to the mission of the school district. Users will not use the school district system to offer or provide goods or services or for product advertisement. Users will not use the school district system to purchase goods or services for personal use without authorization from the appropriate school district official.

10. The school district retains the right to search school-owned computers and data for inappropriate use.

11. The school district is not responsible for end-user action.

12. Only school-owned and/or school authorized hardware/software can be plugged into the network.

B. If a user inadvertently accesses unacceptable materials or an unacceptable Internet site, the user shall immediately disclose the inadvertent access to an appropriate school district official. In the case of a school district employee, the immediate disclosure shall be to the employee's immediate supervisor and/or the building administrator. This disclosure may serve as a defense against an allegation that the user has intentionally violated this policy. In certain rare instances, a user also may access otherwise unacceptable materials if necessary to complete an assignment and if done with the prior approval of and with appropriate guidance from the appropriate teacher or, in the case of a school district employee, the building administrator.

## **VI. FILTER**

**[Note: Pursuant to state law, school districts are required to restrict access to inappropriate materials on school computers with Internet access. School districts which seek either technology revenue pursuant to Minn. Stat. § 125B.25 or certain federal funding, such as e-rate discounts, for purposes of Internet access and connection services and/or receive funds to purchase Internet accessible computers are subject to the federal Children's Internet Protection Act, effective in 2001. Those districts are required to comply with additional standards in restricting possible access to inappropriate materials. Therefore, school districts should select one of the following alternative sections depending upon whether the school district is seeking such funding and the type of funding sought.]**

### **ALTERNATIVE NO. 3**

**School districts which receive certain federal funding, such as e-rate discounts, for purposes of Internet access and connection services and/or receive funds to purchase Internet accessible computers are subject to the federal Children's Internet Protection Act, effective in 2001. This law requires school districts to adopt an Internet safety policy which contains the provisions set forth below. Also, the Act requires such school districts to provide reasonable notice and hold at least one public hearing or meeting to address the proposed Internet safety policy prior to its implementation. School districts that do not seek such federal financial assistance need not adopt the alternative language set forth below nor meet the requirements with respect to a public meeting to review the policy.**

**The following alternative language for school districts that seek such federal financial assistance satisfies both state and federal law requirements.**

A. With respect to any of its computers with Internet access, the School District will monitor the online activities of minors and employ technology protection measures during any use of such computers by minors and adults. The technology protection measures utilized will block or filter Internet access to any visual depictions that are:

1. Obscene;
2. Child pornography; or
3. Harmful to minors.

B. The term "harmful to minors" means any picture, image, graphic image file, or other visual depiction that:

1. Taken as a whole and with respect to minors, appeals to a prurient interest in nudity, sex, or excretion; or
2. Depicts, describes, or represents, in a patently offensive way with respect to what is suitable for minors, an actual or simulated sexual act or sexual contact, actual or simulated normal or perverted sexual acts, or a lewd exhibition of the genitals; and
3. Taken as a whole, lacks serious literary, artistic, political, or scientific value as to minors.

C. An administrator, supervisor or other person authorized by the Superintendent may disable the technology protection measure, during use by an adult, to enable access for bona fide research or other lawful purposes.

**[Note: Although school districts are not required to adopt the more restrictive provisions contained in either Alternative No. 2 or No. 3 if they do not seek state or federal funding, they may choose to adopt the more restrictive provisions as a matter of school policy.]**

## **VII. CONSISTENCY WITH OTHER SCHOOL POLICIES**

Use of the school district computer system and use of the Internet shall be consistent with school district policies and the mission of the school district.

## **VIII. LIMITED EXPECTATION OF PRIVACY**

A. By authorizing use of the school district system, the school district does not relinquish control over materials on the system or contained in files on the system. Users should expect only limited privacy in the contents of personal files on the school district system.

B. Routine maintenance and monitoring of the school district system may lead to a discovery that a user has violated this policy, another school district policy, or the law.

C. An individual investigation or search will be conducted if school authorities have a reasonable suspicion that the search will uncover a violation of law or school district policy.

D. Parents have the right at any time to investigate or review the contents of their child's files and email files. Parents have the right to request the termination of their child's individual account at any time.

E. School district employees should be aware that the school district retains the right at any time to investigate or review the contents of their files and e-mail files. In addition, school district employees should be aware that data and other materials in files maintained on the school district system may be subject to review, disclosure or discovery under Minn. Stat. Ch. 13 ( the Minnesota Government Data Practices Act).

F. The school district will cooperate fully with local, state and federal authorities in any investigation concerning or related to any illegal activities or activities not in compliance with school district policies conducted through the school district system.

## **IX. INTERNET USE AGREEMENT**

A. The proper use of the Internet, and the educational value to be gained from proper Internet use, is the joint responsibility of students, parents and employees of the school district.

B. This policy requires the supervision by the school's designated professional staff before a student may use a school account or resource to access the Internet.

## **X. LIMITATION ON SCHOOL DISTRICT LIABILITY**

Use of the school district system is at the user's own risk. The system is provided on an "as is, as available" basis. The school district will not be responsible for any damage users may suffer, including, but not limited to, loss, damage or unavailability of data stored on school district diskettes, tapes, hard drives or servers, or for delays or changes in or interruptions of service or misdeliveries or nondeliveries of information or materials, regardless of the cause. The school district is not responsible for the accuracy or quality of any advice or information obtained through or stored on the school

district system. The school district will not be responsible for financial obligations arising through unauthorized use of the school district system or the Internet.

## **XI. USER NOTIFICATION**

A. All users shall be notified of the school district policies relating to Internet use.

B. This notification shall include the following:

1. Notification that Internet use is subject to compliance with school district policies.
2. Disclaimers limiting the school district's liability relative to:
  - a. Information stored on school district diskettes, hard drives or servers.
  - b. Information retrieved through school district computers, networks or online resources.
  - c. Personal property used to access school district computers, networks or online resources.
  - d. Unauthorized financial obligations resulting from use of school district resources/accounts to access the Internet.
3. A description of the privacy rights and limitations of school sponsored/managed Internet accounts.
4. Notification that, even though the school district may use technical means to limit student Internet access, these limits do not provide a foolproof means for enforcing the provisions of this acceptable use policy.
5. Notification that goods and services can be purchased over the Internet that could potentially result in unwanted financial obligations and that any financial obligation incurred by a student through the Internet is the sole responsibility of the student and/or the student's parents.
6. Notification that the collection, creation, reception, maintenance and dissemination of data via the Internet, including electronic communications, is governed by Policy 406, Public and Private Personnel Data, and Policy 515, Protection and Privacy of Pupil Records.
7. Notification that, should the user violate the school district's acceptable use policy, the user's access privileges may be revoked, school disciplinary action may be taken and/or appropriate legal action may be taken.
8. Notification that all provisions of the acceptable use policy are subordinate to local, state and federal laws.

## **XII. PARENTS' RESPONSIBILITY; NOTIFICATION OF STUDENT INTERNET USE**

Outside of school, parents bear responsibility for the same guidance of Internet use as they exercise with information sources such as television, telephones, radio, movies and other possibly offensive media. Parents are responsible for monitoring their student's use of the school district system and of the Internet if the student is accessing the school district system from home or a remote location.

## **XIII. IMPLEMENTATION; POLICY REVIEW**

A. The school district administration may develop appropriate user notification forms, guidelines and procedures necessary to implement this policy for submission to the school board for approval. Upon approval by the school board, such guidelines, forms and procedures shall be an addendum to this policy.

B. The administration shall revise the user notifications, including student and parent notifications, if necessary, to reflect the adoption of these guidelines and procedures.

C. The school district Internet policies and procedures are available for review by all parents, guardians, staff and members of the community.

D. Because of the rapid changes in the development of the Internet, the school board shall conduct an annual review of this policy.

**INDEPENDENT SCHOOL DISTRICT NO. 299**  
**OBJECTION TO INTERNET USE FORM**

This objection applies to the 2005-2006 school year and must be specifically renewed at the beginning of each school year. Complete one form for each student. Please return to the school office by September 9, 2005.

**STUDENT'S NAME (please print):** \_\_\_\_\_

I object to \_\_\_\_\_ using the internet for the 2005-2006 school year.  
(student's name)

**PARENT/GUARDIAN SIGNATURE:** \_\_\_\_\_

**STUDENT'S NAME:** \_\_\_\_\_

**TODAY'S DATE:** \_\_\_\_\_

**Legal References:**

17 U.S.C. § 101 et seq. (Copyrights)  
15 U.S.C. § 6501 et seq.  
Children's Internet Protection Act of 2000 (CIPA) 47 U.S.C. § 254  
47 C.F.R. § 54.520 (FCC rules implementing CIPA)  
Title III of the Elementary and Secondary Education Act of 1965, 20 U.S.C. §1601, et seq., as amended  
Minn. Stat. §§ 125B.15 and 125B.25

**Cross References:**

MSBA/MASA Model Policy 403 (Discipline, Suspension, and Dismissal of School District Employees)  
MSBA/MASA Model Policy 406 (Public and Private Personnel Data)  
MSBA/MASA Model Policy 505 (Distribution of Nonschool-Sponsored Materials on School Premises by Students and Employees)  
MSBA/MASA Model Policy 506 (Student Discipline)  
MSBA/MASA Model Policy 515 (Protection and Privacy of Pupil Records)  
MSBA/MASA Model Policy 519 (Interviews of Students by Outside Agencies)  
MSBA/MASA Model Policy 521 (Student Disability Nondiscrimination)  
MSBA/MASA Model Policy 522 (Student Sex Nondiscrimination)  
MSBA/MASA Model Policy 603 (Curriculum Development)  
MSBA/MASA Model Policy 604 (Instructional Curriculum)  
MSBA/MASA Model Policy 606 (Textbooks and Instructional Materials)  
MSBA/MASA Model Policy 804 (Bomb Threats)  
MSBA/MASA Model Policy 904 (Distribution of Materials on School District Property by Nonschool Persons)

Motion carried by a unanimous vote.

**OLD BUSINESS ITEMS**

Superintendent Moriarty updated the board regarding the guards in the shop area of the middle/high school building.

Director Schulte stated that the middle/high school signage committee is currently looking at various signs for the middle/high school building.

Director Frank stated that the concession stand building permit is in place and they are hoping to begin breaking ground in the next few weeks.

## **DIRECTORS' REPORTS**

The board reviewed and discussed the school board goals. It was the consensus of the board to hold a retreat possibly in an evening in January to review these goals and objectives.

Director Novak discussed his concern with regard to school board meetings lasting longer than two hours. It was the consensus of the board to monitor the next couple of meetings and if meetings continue to be longer discuss options at that time. The board stated that written material and reports ahead of time do move along the process and possibly a time limit on reports to the board could be considered.

## **ADJOURNMENT**

Moved by Naomi Fruechte, seconded by Mary Frank to adjourn the meeting at 9:58 p.m. Motion carried by a unanimous vote.

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Barbara Hurley, Clerk