

Minutes of the Special School Board Meeting

Of the School Board of Independent School District No. 709 held at the Historic Old Central High School, 215 North First Avenue East, Duluth, Minnesota 55802, on

Thursday, June 24, 2010

Members Present:

Mary Cameron
Gary Glass
Tim Grover
Art Johnston
Tom Kasper
Judy Seliga Punyko
Ann Wasson

Others Present:

Keith Dixon, Superintendent
Bill Hanson, Deputy Clerk
Sue Talerico, Substitute Secretary

Members Absent:

Chair Grover called the special school board meeting of June 24, 2010 to order at 6:46 p.m.

Public Comment:

Karen Heisick, 2723 East 1st Street, spoke to the board regarding financing of the long range plan and that giving money back to the public when things come in under budget, rather than spending it on wish lists, would restore trust in the board among the community.

Chair Grover explained that many of the changes are necessary and that he should not have used the term wish list.

Member Seliga Punyko presented the resolution:

Resolution Approving Amendments To District Long-Range Facilities Plan Approved By Review And Comment Of November 2007 And Approving Declaration Of Official Intent Regarding Amendments To Financing Plan Therefor

BE IT RESOLVED, by the School Board of Independent School District No. 709, St. Louis County, Minnesota (the "District"), as follows:

Section 1. A. The Board approved on June 19, 2007, a Long-Range Facilities Plan (the "Facilities Plan"), which calls for renewal and remodeling of existing school facilities, additions to existing facilities and construction of new schools.

B. The District submitted the Facilities Plan to the Minnesota Department of Education (i) for approval of the Facilities Plan; (ii) for approval of the financing of the Facilities Plan; and (iii) for review and comment on the Facilities Plan. The Commissioner of Education approved the Facilities Plan and the financing and submitted its review and comment dated November 2007, although approval of the new Piedmont/Lincoln Elementary and the new West Middle School were delayed, but later approved pursuant to its review and comment dated July 2009.

C. The November 2007 review and comment permitted the District to issue, and the District has issued the following obligations, to finance the portion of the Facilities Plan approved by the November 2007 review and comment:

(i) \$59,235,000 of General Obligation Alternative Facilities Bonds, Series 2008A, dated February 21, 2008, issued pursuant to Minnesota Statutes Section 123B.59 (the "2008 Bonds");

(ii) \$111,440,000 (\$111,442,557 was authorized) of Full Term Certificates of Participation, Series 2008B, Evidencing the Proportionate Interest of the Registered Owners in the Installment Payments due under an Installment Purchase Contract dated as of June 1, 2008 (the "2008 Contract"), authorized pursuant to Minnesota Statutes, Section 126C.40, Subd. 6 (the "Lease Levy Statute"); and

(iii) \$35,400,000 (\$35,404,371 was authorized) of Certificates of Participation, Series 2009B, Evidencing the Proportionate Interest of the Registered Owners in the Rental Payments due under the Lease Purchase Agreement dated as of October 1, 2009 (the "2009 Lease"), authorized under Minnesota Statutes Section 465.71 (the "Installment Lease Statute").

D. As the design work for the approved projects progressed, the District identified project scope changes and requested an amendment to the November 2007 review and comment as set forth in a document entitled Amendment to Original "Red Plan" Review and Comment dated July 24, 2009, and revisions thereto (the "Amendment").

E. The Commissioner of Education has approved the Amendment to the original Facilities Plan pursuant to a review and comment dated May 2010.

F. The Amendment eliminates improvements to some District facilities and provides for additional improvements at other facilities, all as set forth therein. As the obligations issued to finance the Facilities Plan are limited by Minnesota Statutes and as the Amendment reduces the costs eligible to be financed by the 2008 Bonds and increases costs eligible to be financed by the Lease Levy Statute and by the Installment Lease Statute, the financing plan for the Amendment includes (i) escrowing \$3,240,219 of the proceeds of the 2008 Bonds to pay capitalized interest on the 2008 Bonds and costs of the escrow arrangement; (ii) issuing additional certificates of participation in the amount of \$3,675,000 pursuant to the Lease Levy Statute and under the 2008 Contract; and (iii) issuing additional certificates of participation in the amount of \$1,605,000 pursuant to the Installment Lease Statute and under the 2009 Lease.

Section 2. The Board hereby confirms and approves the revisions to the Facilities Plan as set forth in the Amendment.

Section 3. The Board hereby approves the financing plan for the revisions to the Facilities Plan as set forth in the Amendment and as described in Section 1F of this Resolution.

Section 4. This Resolution constitutes a declaration of official intent under Treasury Regulations Section 1.150-2 to issue the obligations described in Section 3 above.

B-6-10-2787

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M-Seliga Punyko, S-Wasson, to approve Resolution B-6-10-2787 - Resolution Approving Amendments to District Long-Range Facilities Plan Approved by Review and Comment of November 2007 and Approving Declaration of Official Intent Regarding Amendments to Financing Plan Therefore.

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Bill Hanson, Director of Business Services, and Bob Toftey, Attorney from Fryberger Law Firm explained the levy/financing process. Discussion took place among board members regarding the financing.

M-Johnston, S-Glass, to move Resolution B-6-10-2787 to the July Business Committee for discussion.

School Board discussion continued on the resolution and financing mechanisms.

Chair Grover called for a vote on Member Johnston's motion.

Upon a vote, the same failed 3-4 as follows:

Yea: Glass, Johnston, Kasper

Nay: Cameron, Grover, Wasson, Seliga Punyko

M-Johnston, S-Glass, that if Resolution B-6-10-2787 is passed by the school board that the review and comment will be put up to the citizens for a referendum. No vote – ruled out of order.

Chair Grover ruled the motion out of order. Bob Toftey stated that it would only be an advisory referendum which the district can't do. Member Johnston made a point of order that he has an amendment on the floor. Chair Grover stated that he ruled it out of order because we are not allowed to have advisory referendums. Member Johnston stated that the chair can't rule the motion out of order. Chair Grover upheld his ruling that that motion was out of order.

Upon a vote on Resolution B-6-10-2787, the same was approved 5-2 as follows:

Yea: Cameron, Grover, Kasper Seliga Punyko, Wasson

Nay: Glass, Johnston

Member Johnston made a motion to censure the chair and stated that he should step down because of illegal procedure. Chair Grover ruled Member Johnston out of order.

Member Johnston asked how the meeting was being recorded. Chair Grover stated that it was is an audio recording. Member Johnston asked how to obtain a copy of the audio recording.

Bid #1170 – Food Service Equipment at Lincoln Park Middle School

WS #25 – Food Service Equipment – Hockenberg's Food Service Equipment & Supply - \$553,543.00.

Bid #1183, Work Scope #10 – Bituminous Built-up Roof at Piedmont Elementary School

Work Scope #10 – Bituminous Built-up Roof – McDowall Company - \$699,700.00

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The total cost of the contract related to Bid #1183, Work Scope #10 – Bituminous Built-up Roof at Piedmont Elementary School as listed above is \$699,700.00, which remains within the budgeted amount at this site.

Bid #1193 – Bid Package #4 – Miscellaneous Work at Denfeld High School

Contract #0930 – Tile – Grazzini Brothers and Company - \$200,000.00

Contract #0940 – Terrazzo – Advance Terrazzo and Tile Company - \$520,477.00

Contract #0965 – Resilient Flooring/Carpet – MCI, Inc. - \$282,498.00

Contract #1050 – Metal Lockers – Olympus Lockers and Storage Products, Inc. - \$170,374.00

Contract #1420 – Elevators – Schindler Elevator Corporation - \$55,510.00

Contract #3290 – Landscaping – Urban Companies, LLC - \$24,750.00

The total cost of the contracts related to Bid #1193, Bid Package #4 – Miscellaneous Work at Denfeld High School as listed above is \$1,253,609.00, which remains within the budgeted amount at this site.

Bid #1194 – Bid Package #5 – Rebid Items/Landscape/Playground at Laura MacArthur Elementary School

Contract #0840 – Aluminum Entrances/Storefronts/Windows/Glazing – St. Germain's Glass, Inc. - \$309,292.00

Contract #0930 – Tile – CD Tile and Stone, Inc. - \$122,945.00

Contract #0965 – Resilient Flooring and Carpet – MCI, Inc. - \$178,776.00

Contract #0966 – Terrazzo/Resinous Flooring – Advance Terrazzo and Tile Company - \$122,980.00

Contract #1051 – Lockers – Olympus Lockers & Storage Products, Inc. - \$73,000.00

Contract #3230 – Playground Equipment – Veit and Company, Inc. - \$322,216.00

Contract #3290 – Landscaping – Duluth Superior Erection - \$66,000.00

The total cost of the contracts related to Bid #1194, Bid Package #5 – Rebid Items/Landscape/Playground at Laura MacArthur Elementary School as listed above is \$1,195,209.00 \$1,056,209.00, which remains within the budgeted amount at this site.

Kerry Leider, Facilities, Management Supervisor, reviewed changes to Bid 1194. Member Kasper asked for an updated local contractor report.

M-Seliga Punyko , S-Cameron, to approve Bid Packages 1170, 1183, 1193 and 1194 together.

M-Johnston, S-Glass, to request a separate vote on Bid Packages 1193 and 1194. Upon a vote, the same was approved - unanimously.

Upon a vote on Bid Packages 1170 and 1183, the same was approved 5-2 as follows:

Yea: Cameron, Grover, Kasper, Seliga Punyko, Wasson

Nay: Glass, Johnston

Upon a vote on Bid Package 1193, the same was approved 6-1 as follows:

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Yea: Cameron, Grover, Kasper, Johnston, Seliga Punyko, Wasson

Nay: Glass

Upon a vote on Bid Package 1194, the same was approved 6-1 as follows:

Yea: Cameron, Grover, Kasper, Johnston, Seliga Punyko, Wasson

Nay: Glass

Member Seliga Punyko presented the resolution:

R E S O L U T I O N
Executive (Closed) Session

RESOLVED, By the School Board of Independent School District 709, St. Louis County, Minnesota, that the School Board shall meet in Executive (Closed) Session on Thursday, June 24, 2010 at approximately 5:30 p.m. (or to follow Committee of the Whole Meeting) in the Board Conference Room of the Historic Old Central High School for the purpose of discussion of properties as listed on attachment, ~~and pending litigation.~~

B-6-10-2786

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M-Seliga Punyko, S-Cameron, to approve Resolution B-6-10-2786 – Executive (Closed) Session.

Member Grover noted that the closed session was only to discuss property acquisition and that administration is working to reschedule a closed session to discuss pending litigation.

Upon a vote, the same was approved 5-2 as follows:

Yea: Cameron, Grover, Kasper, Seliga Punyko, Wasson

Nay: Glass, Johnston

Chair Grover adjourned the Special School Board meeting (to closed session) of June 24, 2010 at 7:51 p.m.