



**FOREST LAKE AREA SCHOOLS
FOREST LAKE, MN 55025**

October 13, 2016

AGENDA ITEM: 4.1

**TOPIC: RESOLUTION TO SET SALE DATE FOR GENERAL
OBLIGATION BUILDING BONDS SERIES 2016B**

BACKGROUND: Representatives from Springsted, Inc. and Kutak Rock, Bond Counsel are working with administration on the bonds. The School Board Finance Committee has discussed the bonds for improvements to the school district's facilities.

PROCESS: Springsted, Inc. and Kutak Rock reviewed the project. Kutak Rock has prepared the resolution. The next step in the process is to set the sale date of the bonds by approving the attached resolution.

RECOMMENDATION: Administration recommends approval of the attached resolution.

CERTIFICATION OF MINUTES

RELATING TO

GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2016B
(MINNESOTA SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM)

ISSUER: INDEPENDENT SCHOOL DISTRICT NO. 831
(FOREST LAKE AREA SCHOOLS)
STATE OF MINNESOTA

GOVERNING BODY: SCHOOL BOARD

KIND, DATE, TIME AND PLACE OF MEETING:

A regular meeting held on October 13, 2016, at 8:00 p.m., in the District Office Boardroom, 6100 N. 210th St., Forest Lake, Minnesota.

MEMBERS PRESENT: _____

MEMBERS ABSENT: _____

Documents Attached: Extract of Minutes of said meeting.

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF THE DISTRICT'S GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2016B (MINNESOTA SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM); AUTHORIZING THE SOLICITATION OF PROPOSALS FOR THE SALE OF SUCH BONDS; AND COVENANTING AND OBLIGATING THE DISTRICT TO BE BOUND BY AND TO USE THE PROVISIONS OF MINNESOTA STATUTES, SECTION 126C.55 TO GUARANTEE THE PAYMENT OF THE PRINCIPAL AND INTEREST ON SUCH BONDS

I, the undersigned, being the duly qualified and acting recording officer of the public corporation issuing the obligations referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of said corporation in my legal custody, from which they have been transcribed; that said documents are a correct and complete transcript of the minutes of a meeting of the governing body of said corporation, and correct and complete copies of all resolutions and other actions taken and of all documents approved by the governing body at said meeting, so far as they relate to said obligations; and that said meeting was duly held by the governing body at the time and place and was attended throughout by the members indicated above, pursuant to call and notice of such meeting given as required by law.

EXECUTED AND DATED this 13th day of October, 2016.

School District Clerk

EXTRACT OF MINUTES OF A MEETING
OF THE SCHOOL BOARD OF
INDEPENDENT SCHOOL DISTRICT NO. 831
(FOREST LAKE AREA SCHOOLS)
STATE OF MINNESOTA

HELD: OCTOBER 13, 2016

Pursuant to due call and notice thereof a record meeting of the School Board of Independent School District No. 831 (Forest Lake Area Schools), State of Minnesota, was duly held on October 13, 2016, at 8:00 o'clock p.m.

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF THE DISTRICT'S GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2016B (MINNESOTA SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM); AUTHORIZING THE SOLICITATION OF PROPOSALS FOR THE SALE OF SUCH BONDS; AND COVENANTING AND OBLIGATING THE DISTRICT TO BE BOUND BY AND TO USE THE PROVISIONS OF MINNESOTA STATUTES, SECTION 126C.55 TO GUARANTEE THE PAYMENT OF THE PRINCIPAL AND INTEREST ON SUCH BONDS

BE IT RESOLVED by the School Board (the "**Board**") of Independent School District No. 831 (Forest Lake Area Schools), State of Minnesota (the "**District**"), as follows:

Section 1. Purpose. It is hereby determined to be in the best interests of the District to issue its General Obligation School Building Bonds, Series 2016B, in the aggregate principal amount of \$64,565,000 (the "Bonds"), subject to adjustment in accordance with the Terms of Proposal, pursuant to Minnesota Statutes, Chapters 475, as approved by the electors of the District at the general election held on November 3, 2015.

Section 2. Terms of Proposal. Springsted Incorporated, St. Paul, Minnesota ("**Springsted**"), as independent municipal advisor to the District, has presented to this Board a form of Terms of Proposal for the Bonds, which form is attached hereto. The Terms of Proposal are hereby approved and are hereby ordered to be placed on file by the Clerk. The Terms of Proposal are hereby adopted as the terms and conditions of the Bonds and of the sale thereof. Pursuant to Minnesota Statutes, Section 475.60, Subdivision 2, paragraph (9), Springsted is hereby authorized to solicit proposals on behalf of the District for the sale of the Bonds on a competitive basis without requirement of published notice. Springsted is further authorized to prepare an Official Statement and to open, read and tabulate the proposals for presentation to the Board.

Section 3. Sale Meeting. This Board shall meet at the time and place specified in the Terms of Proposal attached hereto to receive and consider proposals for the purchase of the Bonds and to take such action thereon as may be in the best interests of the District.

Section 4. State Credit Enhancement Program.

(a) The District hereby covenants and obligates itself to be bound by and to use the provisions of Minnesota Statutes, Section 126C.55 (the “**Credit Enhancement Act**”) to guarantee payment of the principal of, the premium, if any, and the interest on the Bonds when due. The District shall comply with all procedures now or hereafter established by the Minnesota Department of Management and Budget and the Minnesota Department of Education pursuant to subdivision 2(c) of the Credit Enhancement Act and to take such actions as necessary to comply with the Credit Enhancement Act. The Chair of the Board and the clerk, the superintendent and the business manager of the District are each authorized to execute any applicable forms of the Minnesota Department of Management and Budget or the Minnesota Department of Education. The District understands and acknowledges that the provisions of the Credit Enhancement Act shall be binding on the District as long as any Bonds are outstanding.

(b) The District further covenants to deposit with any registrar and paying agent for the Bonds (the “**Registrar**”), at least three (3) business days prior to the date on which any payment of principal of, premium, if any, or interest on the Bonds is due, an amount sufficient to pay such payment. If the District believes it may be unable to pay the principal of, the premium, if any or the interest on the Bonds on the date any such payment is due, the District shall notify the Commissioner of the Department of Education as soon as possible, but not less than 15 business days before the date such payment is due. The District shall authorize and direct the Registrar to notify the Commissioner of the Department of Education if (i) the Registrar becomes aware of a potential payment default with respect to the Bonds or (ii) two (2) business days prior to the date a payment is due on the Bonds the Registrar does not have sufficient funds to make the payment due on such date.

The motion for the adoption of the foregoing resolution was duly seconded by Member _____, and upon vote being taken thereon, the following voted in favor thereof:

_____;

and the following voted against the same: _____;

and following abstained: _____;

whereupon said resolution was declared duly passed and adopted.

THE DISTRICT HAS AUTHORIZED SPRINGSTED INCORPORATED TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:

TERMS OF PROPOSAL

\$64,565,000*

INDEPENDENT SCHOOL DISTRICT NO. 831, FOREST LAKE, MINNESOTA

GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2016B
(MINNESOTA SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM)

(BOOK ENTRY ONLY)

Proposals for the Series 2016B Bonds will be received on Thursday, November 17, 2016, until 10:00 A.M., Central Time, at the offices of Springsted Incorporated, 380 Jackson Street, Suite 300, Saint Paul, Minnesota ("Springsted"), after which time proposals will be opened and tabulated. Consideration for award of the Series 2016B Bonds will be by the School Board at 7:00 P.M., Central Time, of the same day.

SUBMISSION OF PROPOSALS

Springsted will assume no liability for the inability of the bidder to reach Springsted prior to the time of sale specified above. All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the District to purchase the Series 2016B Bonds regardless of the manner in which the proposal is submitted.

(a) **Sealed Bidding.** Proposals may be submitted in a sealed envelope or by fax (651) 223-3046 to Springsted. Signed proposals, without final price or coupons, may be submitted to Springsted prior to the time of sale. The bidder shall be responsible for submitting to Springsted the final proposal price and coupons, by telephone (651) 223-3000 or fax (651) 223-3046 for inclusion in the submitted proposal.

OR

(b) **Electronic Bidding.** Notice is hereby given that electronic proposals will be received via PARITY®. For purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all proposals submitted to PARITY®. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Terms of Proposal.* Neither the District, its agents nor PARITY® shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the District, its agents nor PARITY® shall be responsible for a bidder's failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY®. The District is using the services of PARITY® solely as a communication mechanism to conduct the electronic bidding for the Series 2016B Bonds, and PARITY® is not an agent of the District.

If any provisions of this Terms of Proposal conflict with information provided by PARITY®, this Terms of Proposal shall control. Further information about PARITY®, including any fee charged, may be obtained from:

PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018
Customer Support: (212) 849-5000

* Preliminary; subject to change.

DETAILS OF THE SERIES 2016B BONDS

The Series 2016B Bonds will be dated as of the date of delivery and will bear interest payable on February 1 and August 1 of each year, commencing August 1, 2017, until maturity or earlier redemption. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Series 2016B Bonds will mature February 1 in the years and amounts* as follows:

2020	\$1,415,000	2026	\$1,895,000	2032	\$2,325,000	2037	\$2,640,000	2042	\$3,045,000
2021	\$1,480,000	2027	\$1,985,000	2033	\$2,385,000	2038	\$2,715,000	2043	\$3,135,000
2022	\$1,555,000	2028	\$2,085,000	2034	\$2,445,000	2039	\$2,795,000	2044	\$3,230,000
2023	\$1,635,000	2029	\$2,150,000	2035	\$2,510,000	2040	\$2,870,000	2045	\$3,330,000
2024	\$1,715,000	2030	\$2,210,000	2036	\$2,570,000	2041	\$2,955,000	2046	\$3,435,000
2025	\$1,800,000	2031	\$2,255,000						

* *The District reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Series 2016B Bonds or the amount of any maturity in multiples of \$5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per \$1,000 of Series 2016B Bonds as that of the original proposal. Gross spread is the differential between the price paid to the District for the new issue and the prices at which the securities are initially offered to the investing public.*

Proposals for the Series 2016B Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above. In order to designate term bonds, the proposal must specify "Years of Term Maturities" in the spaces provided on the proposal form.

BOOK ENTRY SYSTEM

The Series 2016B Bonds will be issued by means of a book entry system with no physical distribution of Series 2016B Bonds made to the public. The Series 2016B Bonds will be issued in fully registered form and one Series 2016B Bond, representing the aggregate principal amount of the Series 2016B Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Series 2016B Bonds. Individual purchases of the Series 2016B Bonds may be made in the principal amount of \$5,000 or any whole multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Series 2016B Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The purchaser, as a condition of delivery of the Series 2016B Bonds, will be required to deposit the Series 2016B Bonds with or settle through DTC.

REGISTRAR

The District will name the registrar which shall be subject to applicable SEC regulations. The District will pay for the services of the registrar.

OPTIONAL REDEMPTION

The District shall have the option on February 1, 2026, and on any day thereafter, to prepay Series 2016B Bonds due on or after February 1, 2027. Redemption may be in whole or in part and if in part in such amounts, from such maturities and in such manner as the District shall determine. If less than all Series 2016B Bonds of a maturity are called for redemption, the District will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such

maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest.

SECURITY AND PURPOSE

The Series 2016B Bonds will be general obligations of the District for which the District will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55 and to use the provisions of that statute pursuant to which the State of Minnesota will appropriate money to the payment of the principal and interest on the Series 2016B Bonds when due if the District is unable to make a principal or interest payment. The proceeds will be used for the acquisition, betterment, and equipping of school sites and educational facilities.

BIDDING PARAMETERS

Proposals shall be for not less than \$64,565,000 (Par) plus accrued interest, if any, on the total principal amount of the Series 2016B Bonds. No proposal can be withdrawn or amended after the time set for receiving proposals unless the meeting of the District scheduled for award of the Series 2016B Bonds is adjourned, recessed, or continued to another date without award of the Series 2016B Bonds having been made. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity must be 98.0% or greater. Series 2016B Bonds of the same maturity shall bear a single rate from the date of the Series 2016B Bonds to the date of maturity. No conditional proposals will be accepted.

GOOD FAITH DEPOSIT

To have its proposal considered for award, the lowest bidder is required to submit a good faith deposit to the District in the amount of \$645,650 (the "Deposit") no later than 1:00 P.M., Central Time on the day of sale. The Deposit may be delivered as described herein in the form of either (i) a certified or cashier's check payable to the District; or (ii) a wire transfer. The lowest bidder shall be solely responsible for the timely delivery of its Deposit whether by check or wire transfer. Neither the District nor Springsted has any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the District may, at its sole discretion, reject the proposal of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

Certified or Cashier's Check. A Deposit made by certified or cashier's check will be considered timely delivered to the District if it is made payable to the District and delivered to Springsted Incorporated, 380 Jackson Street, Suite 300, St. Paul, Minnesota 55101 by the specified time.

Wire Transfer. A Deposit made by wire will be considered timely delivered to the District upon submission of a federal wire reference number by the specified time. Wire transfer instructions will be available from Springsted following the receipt and tabulation of proposals. The successful bidder must send an e-mail including the following information: (i) the federal reference number and time released; (ii) the amount of the wire transfer; and (iii) the issue to which it applies.

Once an award has been made, the Deposit received from the lowest bidder (the "purchaser") will be retained by the District and no interest will accrue to the purchaser. The amount of the Deposit will be deducted at settlement from the purchase price. In the event the purchaser fails to comply with the accepted proposal, said amount will be retained by the District.

AWARD

The Series 2016B Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the District. The District's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The District will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Series 2016B Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal that the District determines to have failed to comply with the terms herein.

BOND INSURANCE AT PURCHASER'S OPTION

The District has **not** applied for or pre-approved a commitment for any policy of municipal bond insurance with respect to the Series 2016B Bonds. If the Series 2016B Bonds qualify for municipal bond insurance and a bidder desires to purchase a policy, such indication, the maturities to be insured, and the name of the desired insurer must be set forth on the bidder's proposal. The District specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the District. All costs associated with the issuance and administration of such policy and associated ratings and expenses (other than any independent rating requested by the District) shall be paid by the successful bidder. Failure of the municipal bond insurer to issue the policy after the award of the Series 2016B Bonds shall not constitute cause for failure or refusal by the successful bidder to accept delivery of the Series 2016B Bonds.

CUSIP NUMBERS

If the Series 2016B Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Series 2016B Bonds, but neither the failure to print such numbers on any Series 2016B Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser to accept delivery of the Series 2016B Bonds. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the purchaser.

SETTLEMENT

On or about December 15, 2016, the Series 2016B Bonds will be delivered without cost to the purchaser through DTC in New York, New York. Delivery will be subject to receipt by the purchaser of an approving legal opinion of Kutak Rock LLP of Minneapolis, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Series 2016B Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the District or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Series 2016B Bonds has been made impossible by action of the District, or its agents, the purchaser shall be liable to the District for any loss suffered by the District by reason of the purchaser's non-compliance with said terms for payment.

CONTINUING DISCLOSURE

In accordance with SEC Rule 15c2-12(b)(5), the District will undertake to provide annual reports and notices of certain events. A description of this undertaking, including the financial/operating information to be provided and the events to be noticed, is set forth in the form of Continuing Disclosure Certificate attached as an appendix to the Official Statement. The purchaser's obligation to purchase the Series 2016B Bonds will be conditioned upon receiving evidence of this undertaking at or prior to delivery of the Series 2016B Bonds.

OFFICIAL STATEMENT

The District has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Series 2016B Bonds, and said Preliminary Official Statement has been deemed a "final" Official Statement (except for permitted omissions) within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Preliminary Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the District, Springsted Incorporated, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101, telephone (651) 223-3000.

A Final Official Statement (as that term is defined in Rule 15c2-12) will be prepared, specifying the maturity dates, principal amounts and interest rates of the Series 2016B Bonds, together with any other information required by law. By awarding the Series 2016B Series 2016B Bonds to an underwriter or underwriting syndicate, the District agrees that, no more than seven business days after the date of such award, it shall provide without cost to the sole underwriter or to the senior managing underwriter of the syndicate (the "Underwriter" for purposes of this paragraph) to which the Series 2016B Bonds are awarded up to 25 copies of the Final Official Statement. The District designates the Underwriter of the syndicate to which the Series 2016B Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Such Underwriter agrees that if its proposal is accepted by the District, (i) it shall accept designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Series 2016B Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

Dated October 13, 2016

BY ORDER OF THE SCHOOL BOARD

/s/ Gail Theisen
Secretary