

Business Meeting

Tuesday, May 20, 2025 7:30 PM

Fridley Community Center, 6085 7th Street NE, Fridley, MN 55432

A. Call to Order, Pledge of Allegiance	Presenter: Board Chair
B. Approval of Agenda with Suggested Motions and Resolutions	Presenter: Board Chair
B.1. Suggested Motions and Resolutions	
C. Superintendent Report	Presenter: Superintendent Brenda Lewis
D. Business Action Items	
D.1. RESOLUTION: Awarding Sale of Bonds	Presenter: Ehlers
D.2. Motion: Approve the bid and award the Hayes Flooring Abatement Project to Environmental Plant Services, Inc.	Presenter: Rochelle Cox
D.3. Motion: To approve the bid from Culinex for the new Combi oven at Fridley Middle School	Presenter: Rochelle Cox
D.4. Motion: Approve the Revised Budget for FY 2024-2025	Presenter: Rochelle Cox
D.5. MSHSL Resolution for Membership for 2025-26	Presenter: Superintendent Brenda Lewis
D.6. RESOLUTION Accepting Gifts	Presenter: Board Chair
E. Consent Agenda	Presenter: Board Chair
E.1. Minutes of the School Board Business Meeting Held on April 15, 2025	
E.2. Monthly Financial Reports	
E.3. New Contracts, Amendments, Leaves of Absence, Terminations, Resignations, and Retirements	
E.4. Year 3 Superintendent Salary.	
E.5. Adult Basic Education Contract	
F. Important Future School Board Dates	Presenter: Board Chair
F.1. FHS Band Pops Concert "Video Games" May 21, 2025 7pm District Auditorium	
F.2. FHS Band Choir Concert "Just Dance 2016" May 22, 2025 7pm District Auditorium	
F.3. No School - District Holiday May 26, 2025	
F.4. ALC Graduation May 27, 2025 5pm FHS Cafeteria	
F.5. FHS Commencement May 29, 2025 6pm Roy Wilkins Auditorium	

F.6. Last Day of School
June 4, 2025

F.7. Fridley Public Schools Board Meeting
June 17, 2025
Work Session, 5:30 PM
Open Forum, 7:00 PM
Business Meeting, 7:30 PM
Fridley Community Center

G. **Adjournment**

Presenter: Board
Chair

Tuesday, May 20, 2025
School Board Business Meeting
Motions

A. Call to Order, Pledge of Allegiance

B. Approval of Agenda with Suggested Motions and Resolutions

a. Suggested Motions and Resolutions

Suggested Motion: Motion by _____, seconded by _____ to approve the agenda for May 20, 2025.

C. Superintendent Report

D. Business Action Items

a. RESOLUTION: Awarding Sale of Bonds

Suggested Motion: Motion by _____, seconded by _____ to award the sale of bonds.

b. Motion: Approve the bid on Hayes Flooring Abatement Project

Suggested Motion: Motion by _____, seconded by _____ to approve the bid and award the Hayes Flooring Abatement Project to Environmental Plant Services, Inc.

c. Motion: Approve the bid for the new Combi Oven at Fridley Middle School

Suggested Motion: Motion by _____, seconded by _____ to approve the bid from Culinext for the new Combi oven at Fridley Middle School.

d. Motion: Approve the Revised Budget for FY 2024-2025

Suggested Motion: Motion by _____, seconded by _____ to approve the revised budget for FY 2024-2025..

e. RESOLUTION: MSHSL Resolution for Membership for 2025-26

Suggested Motion: Motion by _____, seconded by _____ to approve the Membership for 2025-26 in MSHSL.

f. RESOLUTION Accepting Gifts

WHEREAS, School Board Policy 706 establishes guidelines for the acceptance of gifts to the District; and

WHEREAS, Minnesota Statute 465.03 states the School Board may accept a gift, grant, or devise of real or personal property only by the adoption of a resolution approved by two-thirds of its members;

THEREFORE, BE IT RESOLVED, that the School Board of Fridley Public Schools accepts with appreciation the following gifts received by the School District:

- i. The following persons donated to **Fridley Community Center:**
Friends of the Fridley Senior Program - \$25,000

Suggested Motion: Motion by _____, seconded by _____ to accept the gifts and thank the donors for their contributions.

E. Consent Agenda

Suggested Motion: Motion by _____, seconded by _____ to approve the consent agenda including minutes of the business meeting held on April 15, 2025; Monthly Financial Reports; New Contracts, Amendments, Lane Changes, Leaves of Absence, Resignations and Terminations; Year 3 Superintendent Salary; and Adult Basic Education (ABE) Lease

F. Important Future School Board Dates

- a. FHS Band Pops Concert "Video Games"
May 21, 2025 7pm
District Auditorium
- b. FHS Band Choir Concert "Just Dance 2016"
May 22, 2025 7pm
District Auditorium
- c. FHS Jazz Band Concert "Spring Showcase"
May 25, 2025 7pm
Crooners Supper Club - get your tickets now!
- d. No School - District Holiday
May 26, 2025
- e. ALC Graduation
May 27, 2025 5pm
FHS Cafeteria
- f. FHS Commencement
May 29, 2025 6pm
Roy Wilkins Auditorium
- g. Last Day of School
June 4, 2025
- h. Fridley Public Schools School Board Meeting
June 17, 2025
Fridley Community Center
5:30 PM Work Session
7:00 PM Public Comment
7:30 PM Business Meeting

G. Adjournment

Suggested Motion: Motion by _____, seconded by _____ to adjourn the meeting at _____.

May 20, 2025

SALE DAY REPORT FOR:

Independent School District No. 14 (Fridley Public Schools), Minnesota

**\$14,500,000 General Obligation School Building
Bonds, Series 2025A**



Prepared by:

Ehlers
3060 Centre Pointe Drive
Roseville, MN 55113

Matthew Hammer,
Senior Municipal Advisor

Beth Downes,
Municipal Advisor

BUILDING COMMUNITIES. IT'S WHAT WE DO.

Competitive Sale Results

PURPOSE: To finance the acquisition and betterment of school sites and facilities in the District as approved by voters during the November 5, 2024 referendum.

RATING: **MN Credit Enhancement Rating:** Moody's Investor's Service "Aa1"
Underlying Rating: Moody's Investor's Service "Baa3"

NUMBER OF BIDS: 3

LOW BIDDER: Hilltop Securities, Dallas, Texas

COMPARISON FROM LOWEST TO HIGHEST BID: (TIC as bid)

LOW BID: 4.6646%

HIGH BID: 4.9476%

Summary of Sale Results:	
Principal Amount:	\$14,500,000
Underwriter's Discount:	\$164,791
Reoffering Premium:	\$472,435
True Interest Cost:	4.6646%
Capitalized Interest:	\$654,000
Costs of Issuance:	\$122,425
Yield:	3.24%-4.90%
Total Net Principal & Interest:	\$24,010,171

NOTES: The True Interest Cost of 4.66% is less than the 4.90% estimated in the Pre-Sale Report presented to the Board on April 15, 2025.

The Bonds maturing February 1, 2034 and thereafter are callable February 1, 2033 or any date thereafter.

CLOSING DATE: June 12, 2025

SCHOOL BOARD ACTION: Adopt the resolution awarding the sale of \$14,500,000 General Obligation School Building Bonds, Series 2025A.

SUPPLEMENTARY ATTACHMENTS

- Bid Tabulation
- Updated Sources and Uses of Funds
- Updated Net Debt Service Schedule 2025A
- Updated Long-Term Financing Plan for Debt and Capital Payments and Levies
- Rating Report
- Bond Resolution (Distributed Separately)

Ehlers Bond Sale Summary

\$14,500,000 General Obligation School Building Bonds, Series 2025A

Independent School District No. 14 (Fridley Public Schools), Minnesota

SALE: May 20, 2025

AWARD: HILLTOPSECURITIES

NAME OF BIDDER	MATURITY (February 1)	AMOUNT	COUPON RATE	REOFFERING YIELD	PRICE	TRUE INTEREST RATE
HILLTOPSECURITIES Dallas, Texas	2029	\$205,000.00	5.000%	3.240%	\$14,807,644.20	4.6646%
	2030	\$225,000.00	5.000%	3.280%		
	2031	\$230,000.00	5.000%	3.340%		
	2032	\$245,000.00	5.000%	3.420%		
	2033	\$260,000.00	5.000%	3.500%		
	2034	\$275,000.00	5.000%	3.630%		
	2035	\$285,000.00	5.000%	3.730%		
	2036	\$1,075,000.00	5.000%	3.840%		
	2037	\$1,160,000.00	5.000%	3.950%		
	2038	\$1,215,000.00	5.000%	4.080%		
	2039	\$1,150,000.00	5.000%	4.180%		
	2040	\$1,205,000.00	5.000%	4.290%		
	2041	\$1,265,000.00	5.000%	4.400%		
	2042	\$1,325,000.00	5.000%	4.510%		
	2043	\$1,390,000.00	5.000%	4.590%		
	2044	\$1,460,000.00	4.500%	4.900%		
	2045	\$1,530,000.00	4.500%	4.900%		
RAYMOND JAMES & ASSOCIATES, INC. St. Petersburg, Florida						4.6747%
BAIRD Milwaukee, Wisconsin						4.9476%

RESULTS OF 2025A BOND SALE

Fridley Public Schools, No. 14

Estimated Sources and Uses for Bond Issue
Election November 2024

May 20, 2025

Description	2025A School Building Bonds	Phase 2 School Building Bonds	Total
Closing Date	6/12/2025	2/1/2027	
Sources of Funds			
Par Amount	\$14,500,000	\$15,500,000	\$30,000,000
Reoffering Premium ¹	472,435	0	\$472,435
Investment Earnings ²	70,156	72,130	142,286
Total Sources	\$15,042,592	\$15,572,130	\$30,614,722
Uses of Funds			
Underwriter's Discount ³	\$164,791	\$155,000	\$319,791
Capitalized Interest ⁴	654,000	775,000	\$1,429,000
Legal and Fiscal Costs ⁵	122,425	144,000	\$266,425
Net Available for Project Costs	14,101,375	14,498,130	28,599,505
Total Uses	\$15,042,592	\$15,572,130	\$30,614,722
Initial Deposit to Construction Fund	\$14,031,219	\$14,426,000	\$28,457,219

- 1 The underwriter of the bonds paid a premium to purchase the bonds. They will retain a portion of the premium as their compensation, or underwriter's discount. The remainder of the premium will be used to pay a portion of the first year's interest on the bonds.
- 2 Estimated investment earnings are based on an average interest rate of 1.0%, and an average life of 6 months for split bond issues.
- 3 The underwriter's discount is an estimate of the compensation taken by the underwriter who provides the lowest true interest cost as part of the competitive bidding process and purchases the bonds. Ehlers provides independent municipal advisory services as part of the bond sale process and is not an underwriting firm.
- 4 To maintain a level tax rate, a portion of the interest payments due during fiscal years 2026, 2027, and 2028 would be made from bond proceeds.
- 5 Includes fees for municipal advisor, bond counsel, rating agency, paying agent, and county certificates.



I.S.D. No. 14 (Fridley), MN

\$14,500,000 General Obligation School Building Bonds, Series 2025A

Dated: June 12, 2025

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	CIF	Net New D/S	Fiscal Total
06/12/2025	-	-	-	-	-	-	-
02/01/2026	-	-	451,670.69	451,670.69	(209,000.00)	242,670.69	242,670.69
08/01/2026	-	-	355,025.00	355,025.00	(222,500.00)	132,525.00	-
02/01/2027	-	-	355,025.00	355,025.00	(222,500.00)	132,525.00	265,050.00
08/01/2027	-	-	355,025.00	355,025.00	-	355,025.00	-
02/01/2028	-	-	355,025.00	355,025.00	-	355,025.00	710,050.00
08/01/2028	-	-	355,025.00	355,025.00	-	355,025.00	-
02/01/2029	205,000.00	5.000%	355,025.00	560,025.00	-	560,025.00	915,050.00
08/01/2029	-	-	349,900.00	349,900.00	-	349,900.00	-
02/01/2030	225,000.00	5.000%	349,900.00	574,900.00	-	574,900.00	924,800.00
08/01/2030	-	-	344,275.00	344,275.00	-	344,275.00	-
02/01/2031	230,000.00	5.000%	344,275.00	574,275.00	-	574,275.00	918,550.00
08/01/2031	-	-	338,525.00	338,525.00	-	338,525.00	-
02/01/2032	245,000.00	5.000%	338,525.00	583,525.00	-	583,525.00	922,050.00
08/01/2032	-	-	332,400.00	332,400.00	-	332,400.00	-
02/01/2033	260,000.00	5.000%	332,400.00	592,400.00	-	592,400.00	924,800.00
08/01/2033	-	-	325,900.00	325,900.00	-	325,900.00	-
02/01/2034	275,000.00	5.000%	325,900.00	600,900.00	-	600,900.00	926,800.00
08/01/2034	-	-	319,025.00	319,025.00	-	319,025.00	-
02/01/2035	285,000.00	5.000%	319,025.00	604,025.00	-	604,025.00	923,050.00
08/01/2035	-	-	311,900.00	311,900.00	-	311,900.00	-
02/01/2036	1,075,000.00	5.000%	311,900.00	1,386,900.00	-	1,386,900.00	1,698,800.00
08/01/2036	-	-	285,025.00	285,025.00	-	285,025.00	-
02/01/2037	1,160,000.00	5.000%	285,025.00	1,445,025.00	-	1,445,025.00	1,730,050.00
08/01/2037	-	-	256,025.00	256,025.00	-	256,025.00	-
02/01/2038	1,215,000.00	5.000%	256,025.00	1,471,025.00	-	1,471,025.00	1,727,050.00
08/01/2038	-	-	225,650.00	225,650.00	-	225,650.00	-
02/01/2039	1,150,000.00	5.000%	225,650.00	1,375,650.00	-	1,375,650.00	1,601,300.00
08/01/2039	-	-	196,900.00	196,900.00	-	196,900.00	-
02/01/2040	1,205,000.00	5.000%	196,900.00	1,401,900.00	-	1,401,900.00	1,598,800.00
08/01/2040	-	-	166,775.00	166,775.00	-	166,775.00	-
02/01/2041	1,265,000.00	5.000%	166,775.00	1,431,775.00	-	1,431,775.00	1,598,550.00
08/01/2041	-	-	135,150.00	135,150.00	-	135,150.00	-
02/01/2042	1,325,000.00	5.000%	135,150.00	1,460,150.00	-	1,460,150.00	1,595,300.00
08/01/2042	-	-	102,025.00	102,025.00	-	102,025.00	-
02/01/2043	1,390,000.00	5.000%	102,025.00	1,492,025.00	-	1,492,025.00	1,594,050.00
08/01/2043	-	-	67,275.00	67,275.00	-	67,275.00	-
02/01/2044	1,460,000.00	4.500%	67,275.00	1,527,275.00	-	1,527,275.00	1,594,550.00
08/01/2044	-	-	34,425.00	34,425.00	-	34,425.00	-
02/01/2045	1,530,000.00	4.500%	34,425.00	1,564,425.00	-	1,564,425.00	1,598,850.00
Total	\$14,500,000.00	-	\$10,164,170.69	\$24,664,170.69	(654,000.00)	\$24,010,170.69	-

Yield Statistics

Bond Year Dollars	\$209,008.61
Average Life	14.414 Years
Average Coupon	4.8630392%
Net Interest Cost (NIC)	4.7158471%
True Interest Cost (TIC)	4.6646009%
All Inclusive Cost (AIC)	4.7466618%
Bond Yield for Arbitrage Purposes	4.3964342%

IRS Form 8038

Net Interest Cost	4.5371727%
Weighted Average Maturity	14.267 Years

2025 FINAL | SINGLE PURPOSE | 5/20/2025 | 9:47 AM



RESULTS OF 2025A BOND SALE

Fridley Public School District No. 14
Analysis of Possible Structure for Capital and Debt Levies

\$30,000,000 Bond Issue
20 Tax Levies
Wrapped Around Existing Debt

May 20, 2025

Type of Bond	Principal Amount	Dated Date	Interest Rate
Voter-Approved (Issue 1)	\$14,500,000	06/12/25	4.66%
Voter Approved (Issue 2)	\$15,500,000	02/01/27	5.00%

Levy Payable Year	Fiscal Year	Tax Capacity Value ¹ (\$000s)	% Chg	Existing Commitments				Other Levies		2025A School Building Bonds				Phase 2 School Building Bonds				Combined Totals						
				Building Bonds ²	Alt Fac/Fac Maint H&S Bonds ²	Abatement Bonds ²	Est. Debt Excess ³	Net Levy	Tax Rate	Lease Levy	Capital Project Levy ⁴	Existing Tax Rate	Principal	Interest	Add'l. Debt Excess ³	Net Levy	Principal	Interest	Add'l. Debt Excess ³	Net Debt Levy	Initial Debt Levy	Net Levy	Tax Rate	
2025	2026	20,417	-2.4%	3,042,593	2,147,408	435,120	(195,487)	5,429,633	26.59	276,876	1,346,895	34.55	-	451,671	-	254,804	-	-	-	-	-	7,308,209	7,308,209	35.79
2026	2027	20,417	0.0%	2,291,418	3,117,870	416,430	(388,439)	5,437,278	26.63	276,876	1,345,997	34.58	-	710,050	5	278,303	-	-	-	-	-	7,338,453	7,338,453	35.94
2027	2028	20,417	0.0%	2,017,208	2,990,820	146,213	(233,029)	4,921,211	24.10	276,876	1,345,997	32.05	-	710,050	5	745,553	-	775,000	5	-	-	7,289,637	7,289,637	35.70
2028	2029	20,417	0.0%	3,601,028	171,360	119,963	(206,170)	3,686,180	18.05	-	1,345,997	24.65	205,000	710,050	(29,822)	930,980	420,000	775,000	-	1,254,750	-	7,217,907	7,217,907	35.35
2029	2030	20,417	0.0%	3,534,038	179,235	126,263	(155,694)	3,683,841	18.04	-	1,345,997	24.64	225,000	699,800	(37,239)	933,801	440,000	754,000	-	1,253,700	-	7,217,338	7,217,338	35.35
2030	2031	20,417	0.0%	3,533,408	181,335	126,788	(153,581)	3,687,949	18.06	-	1,345,997	24.66	230,000	688,550	(37,352)	927,125	465,000	732,000	-	1,256,850	-	7,217,921	7,217,921	35.35
2031	2032	20,417	0.0%	3,533,408	183,173	121,800	(153,661)	3,684,719	18.05	-	1,345,997	24.64	245,000	677,050	(37,085)	931,067	535,000	708,750	(50,274)	1,255,664	-	7,217,446	7,217,446	35.35
2032	2033	20,417	0.0%	3,533,723	179,498	122,063	(153,535)	3,681,747	18.03	-	1,345,997	24.63	260,000	664,800	(37,243)	933,797	560,000	682,000	(50,227)	1,253,873	-	7,215,415	7,215,415	35.34
2033	2034	20,417	0.0%	3,531,203	175,823	127,313	(153,411)	3,680,926	18.03	-	1,345,997	24.62	275,000	651,800	(37,352)	935,788	590,000	654,000	(50,155)	1,256,045	-	7,218,756	7,218,756	35.36
2034	2035	20,417	0.0%	3,531,098	177,398	126,788	(153,374)	3,681,909	18.03	-	1,345,997	24.63	285,000	638,050	(37,432)	931,771	620,000	624,500	(50,242)	1,256,483	-	7,216,160	7,216,160	35.34
2035	2036	20,417	0.0%	-	929,460	-	(153,411)	776,049	3.80	-	1,345,997	10.39	1,075,000	623,800	(37,271)	1,746,469	810,000	593,500	(50,259)	1,423,416	-	5,291,930	5,291,930	25.92
2036	2037	20,417	0.0%	-	812,070	-	(37,178)	774,892	3.80	-	1,345,997	10.39	1,160,000	570,050	(69,859)	1,746,694	855,000	553,000	(56,937)	1,421,463	-	5,289,045	5,289,045	25.91
2037	2038	20,417	0.0%	-	813,540	-	(32,483)	781,057	3.83	-	1,345,997	10.42	1,215,000	512,050	(69,868)	1,743,535	895,000	510,250	(56,859)	1,418,654	-	5,289,242	5,289,242	25.91
2038	2039	20,417	0.0%	-	-	-	-	-	-	-	1,345,997	6.59	1,150,000	451,300	(69,741)	1,611,624	1,140,000	465,500	(56,746)	1,629,029	-	4,586,649	4,586,649	22.46
2039	2040	20,417	0.0%	-	-	-	-	-	-	-	1,345,997	6.59	1,205,000	393,800	(64,465)	1,614,275	1,200,000	408,500	(65,161)	1,623,764	-	4,584,035	4,584,035	22.45
2040	2041	20,417	0.0%	-	-	-	-	-	-	-	1,345,997	6.59	1,265,000	333,550	(64,571)	1,613,906	1,260,000	348,500	(64,951)	1,623,974	-	4,583,877	4,583,877	22.45
2041	2042	20,417	0.0%	-	-	-	-	-	-	-	1,345,997	6.59	1,325,000	270,300	(64,556)	1,610,509	1,325,000	285,500	(64,959)	1,626,066	-	4,582,571	4,582,571	22.44
2042	2043	20,417	0.0%	-	-	-	-	-	-	-	1,345,997	6.59	1,390,000	204,050	(64,420)	1,609,332	1,395,000	219,250	(65,043)	1,629,920	-	4,585,249	4,585,249	22.46
2043	2044	20,417	0.0%	-	-	-	-	-	-	-	1,345,997	6.59	1,460,000	134,550	(64,373)	1,609,904	1,465,000	149,500	(65,197)	1,630,028	-	4,585,929	4,585,929	22.46
2044	2045	20,417	0.0%	-	-	-	-	-	-	-	1,345,997	6.59	1,530,000	68,850	(64,396)	1,614,396	1,525,000	76,250	(65,201)	1,616,111	-	4,576,504	4,576,504	22.42
2045	2046	20,417	0.0%	-	-	-	-	-	-	-	1,345,997	6.59	-	-	-	-	-	-	-	-	-	1,345,997	1,345,997	6.59
2046	2047	20,417	0.0%	-	-	-	-	-	-	-	1,345,997	6.59	-	-	-	-	-	-	-	-	-	1,345,997	1,345,997	6.59
2047	2048	20,417	0.0%	-	-	-	-	-	-	-	1,345,997	6.59	-	-	-	-	-	-	-	-	-	1,345,997	1,345,997	6.59
2048	2049	20,417	0.0%	-	-	-	-	-	-	-	1,345,997	6.59	-	-	-	-	-	-	-	-	-	1,345,997	1,345,997	6.59
Totals				37,291,181	15,960,421	2,392,898	(2,757,257)	53,457,235		1,384,381	40,041,841		14,500,000	10,164,171	(887,045)	24,323,634	15,500,000	9,315,000	(812,209)	24,429,791	143,832,981	143,832,981		

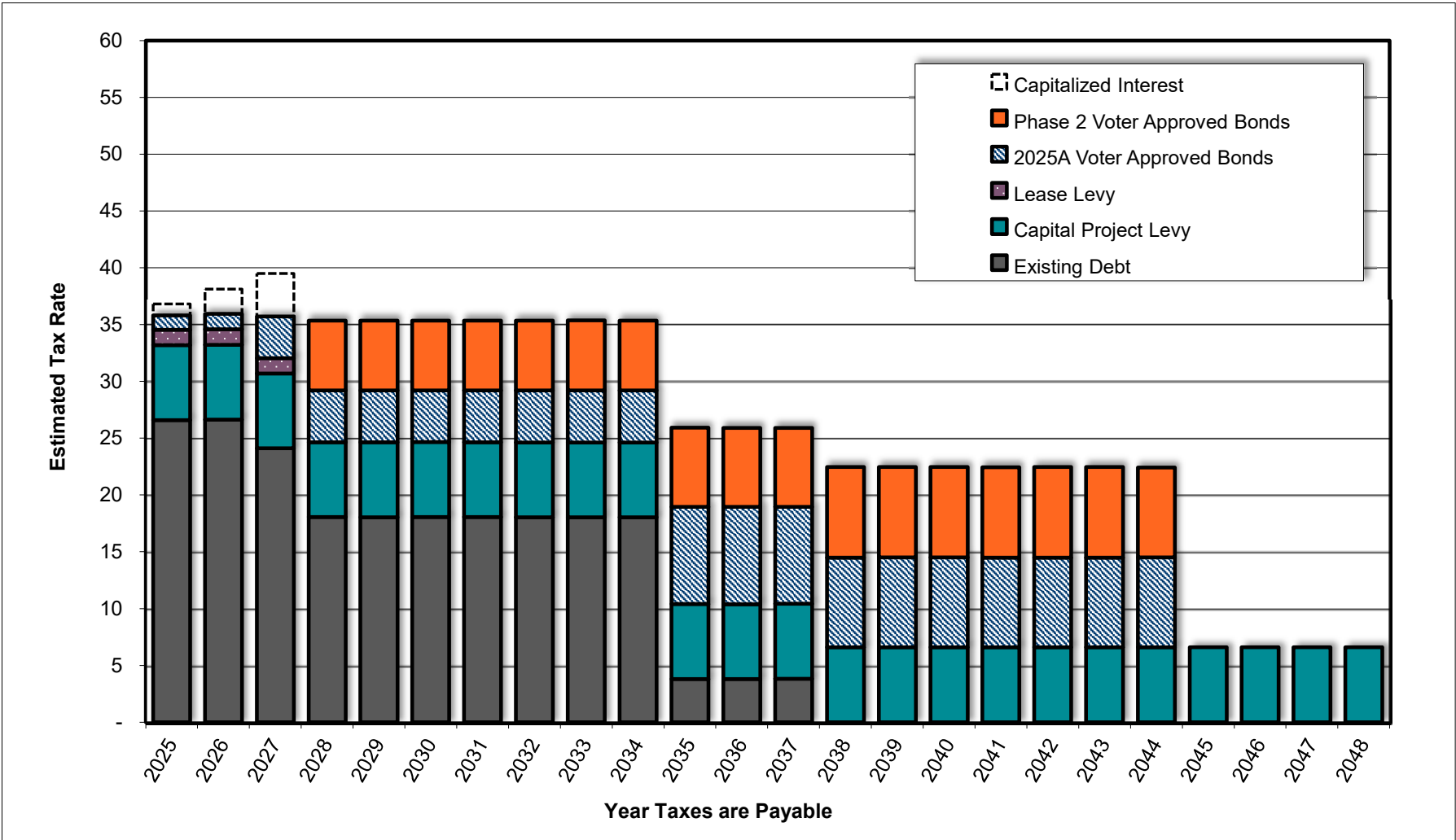
1 Tax capacity value for taxes payable in 2025 is the actual values. Estimates for future years are based on the percentage changes as shown above.
2 Initial debt service levies (prior to subtracting debt equalization aid) are set at 105 percent of the principal and interest payments during the next fiscal year.
3 Debt excess adjustment for taxes payable in 2025 are the actual amounts. The adjustment for 2026 is an estimate using the June 30, 2024 debt service fund balance. Debt excess for future years is estimated at 4% of the prior year's initial debt service levy.
4 Assumes that the existing capital project levy would be renewed at the same tax rate prior to expiring.
5 To maintain a level tax rate, a portion of the interest payments due during fiscal years 2026, 2027 and 2028 would be made from bond proceeds. Those payments are estimated at \$1,429,000.



RESULTS OF 2025A BOND SALE

Fridley Public School District No. 14
Estimated Tax Rates for Capital and Debt Service Levies
Existing Commitments and Proposed New Debt

\$30,000,000 Bond Issue
20 Tax Levies
Wrapped Around Existing Debt



Date Prepared: May 20, 2025



CREDIT OPINION

7 May 2025



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Americas 1-212-553-1653

Asia Pacific 852-3551-3077

Japan 81-3-5408-4100

EMEA 44-20-7772-5454

Fridley Independent School District 14, MN

Update to credit analysis following downgrade to Baa3

Summary

[Fridley ISD 14, MN](#) (Baa3) is challenged by its very narrow financial reserves that are expected to erode to go slightly negative in fiscal 2025 and declining enrollment. Though the district plans to structurally balance its operations starting in fiscal 2026, its financial position will remain challenged for the next several years. These weaknesses are somewhat offset by its solid economic fundamentals and moderate leverage.

Credit strengths

- » Solid economic base within the Twin Cities metropolitan area
- » Recently approved operating levy increase and planned expenditure reductions in fiscal 2026 to support return to sustainably balanced operations

Credit challenges

- » Declining enrollment trend projected to continue in the near-term
- » Limited financial flexibility reflected in very narrow operating reserves projected to go modestly negative following a material deficit in fiscal 2025
- » Volatile intra-year cash flows will require the district to either cash flow borrow or continue making material budget adjustments to ensure that cash position is sufficient to meet other operating expenses, including debt service payments

Rating outlook

We do not assign outlooks to local government issuers with this amount of debt.

Factors that could lead to an upgrade

- » Stabilization of enrollment
- » Sustainably balanced financial operations supporting recovery of available fund balance to approximately 10% of revenue

Factors that could lead to a downgrade

- » Larger than expected deterioration of available fund balance in fiscal 2025 or failure to achieve structurally balanced operations starting in fiscal 2026
- » Inability to either secure cash flow borrowing or maintain a sufficient cash position to meet expenditures in fiscal 2026
- » Substantial growth in long-term liabilities to levels exceeding 450% of revenue

Key indicators

Exhibit 1

Fridley Independent School District 14, MN

	2021	2022	2023	2024	Baa Medians
Economy					
Resident income	90.9%	93.5%	91.7%	N/A	83.5%
Full value (\$000)	\$1,739,432	\$1,980,054	\$2,239,468	\$2,344,201	\$731,072
Population	17,622	17,707	17,851	N/A	10,869
Full value per capita	\$98,708	\$111,823	\$125,453	N/A	\$77,643
Enrollment	2,914	2,889	2,788	2,633	1,271
Enrollment trend	-3.1%	-1.7%	-2.2%	-3.3%	-2.5%
Financial performance					
Operating revenue (\$000)	\$53,881	\$53,752	\$58,183	\$59,192	\$20,769
Available fund balance (\$000)	\$7,985	\$5,547	\$4,151	\$1,583	\$3,906
Net cash (\$000)	\$11,794	\$7,392	\$3,806	\$4,699	\$3,680
Available fund balance ratio	14.8%	10.3%	7.1%	2.7%	14.7%
Net cash ratio	21.9%	13.8%	6.5%	7.9%	14.4%
Leverage					
Debt (\$000)	\$51,496	\$48,456	\$44,155	\$47,238	\$18,108
ANPL (\$000)	\$125,893	\$111,333	\$88,114	\$76,854	\$37,199
OPEB (\$000)	\$2,980	\$2,911	\$2,399	\$2,402	\$3,632
Long-term liabilities ratio	334.8%	302.7%	231.5%	213.7%	303.6%
Implied debt service (\$000)	\$3,992	\$3,612	\$3,384	\$3,067	\$1,259
Pension tread water (\$000)	\$2,558	\$1,937	\$3,179	\$3,008	\$953
OPEB contributions (\$000)	\$377	\$342	\$285	\$297	\$162
Fixed-costs ratio	12.9%	11.0%	11.8%	10.8%	11.3%

For definitions of the metrics in the table above please refer to the [US K-12 Public School Districts Methodology](#) or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published [K12 Median Report](#).

Sources: US Census Bureau, Fridley Independent School District 14, MN's financial statements and Moody's Ratings

Profile

Fridley Independent School District 14, MN is situated in Anoka County, located about 10 miles north of [Minneapolis](#) (Aaa stable) and 20 miles northwest of St. Paul. The district provides kindergarten to twelfth grade education to just above 2,700 students.

Detailed credit considerations

Fridley ISD 14 is challenged by its materially eroding financial position following several years of structurally imbalanced operations stemming from weak budget management and growing expenditures. Operating reserves materially narrowed over the last several years to just under 3% of revenue as of the June 2024 fiscal year end. The district has financed deferred maintenance needs from the general fund and utilized revenues from its debt service levy to support operations, coupled with consecutive negative budget variances contributing to a multiyear trend of operating deficits.

The district's solid economic base reflected in solid resident income (MHI equal to 90% of US median) and strong full value per capita (\$125,453) benefits from its proximity to the Twin Cities. Despite recent growth, the district's modestly declining enrollment trend is conservatively projected to continue for the next several years driven by shrinking class sizes and area demographic trends, though it could improve with completion of small residential developments that are now underway.

The district is in the process of issuing \$14.5 million to finance extensive facility maintenance and improvement projects following voter approval of its \$30 million bond referendum in November 2024, raising leverage to just above 230% of fiscal 2024 revenue. The district is planning to issue the remaining \$15.5 million in authorized debt in 2027. Overall leverage will remain moderate because the district will have no significant capital needs following the planned issuances.

The district's financial position will remain challenged over the next several years despite recent revenue enhancements and planned budgetary cuts. Year-to-date fiscal 2025 estimates project a \$2.9 million operating fund reserve decline, further eroding reserves to

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a negative 2% of fiscal 2024 revenue if fully realized. If such declines are realized in fiscal 2025, the district could be placed under Statutory Operating Debt (SOD) status, which triggers state oversight and requirement to submit a multi-year budget plan to stabilize operations.

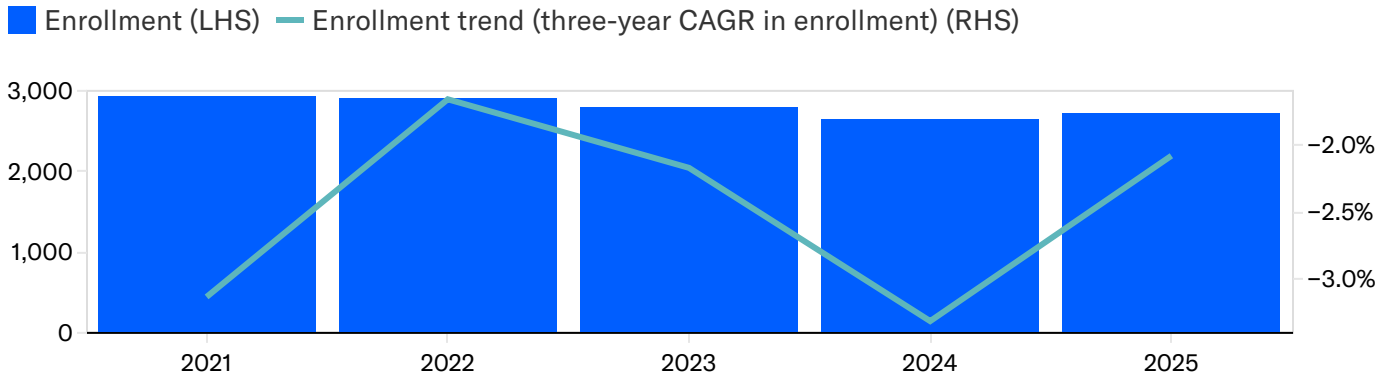
Favorably, the district recently enacted a voter-approved, ten-year \$424 per pupil operating levy increase which will generate approximately \$1 million in additional annual revenue, adjusted for inflation, starting in fiscal 2026. The district also plans to balance its fiscal 2026 budget by implementing \$4.5 million in expenditure reductions and savings mainly through staffing and programming reductions. Management expects these measures to result in sustainable general fund surpluses of \$1 to \$1.4 million per year. Additionally, bond proceeds from the upcoming issuance will finance deferred maintenance needs going forward, providing some expenditure flexibility.

Given its deteriorating finances, the district will likely need to access alternate liquidity sources during fiscal 2026. The district's recent cash flow statements project that operating fund cash balance will be sufficient to meet debt service payments through fiscal 2025, but will continue to decline to negative levels by March or April 2026. Favorably, the district has several other liquidity sources to help meet near-term expenditures, including capitalized interest from upcoming new debt and additional liquidity from its OPEB and internal services funds. Management is considering a line of credit for fiscal 2025 and aid anticipation certificates in fiscal 2026 to provide additional liquidity; however, plans for these liquidity measures are still preliminary. The district plans to primarily focus on structurally balancing operations before turning to alternate liquidity sources to support operations.

Economy

Exhibit 2

Enrollment is conservatively projected to modestly decline over the next several years



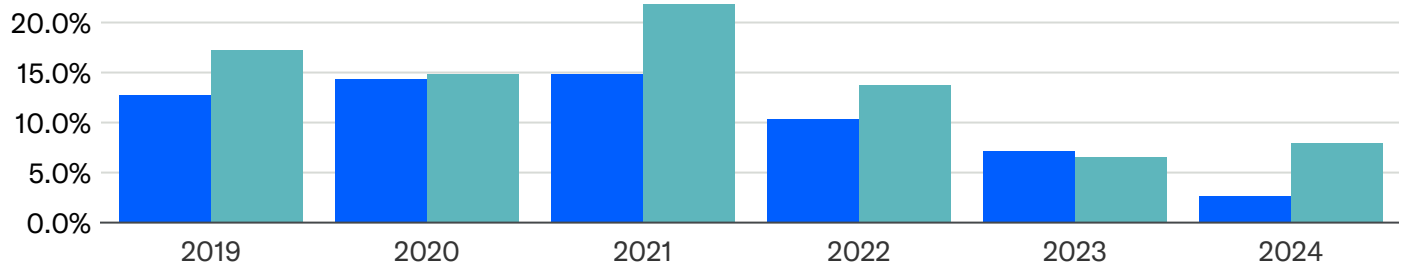
Sources: State department of education; Moody's Ratings

Financial operations

Exhibit 3

Very narrow operating reserves projected to erode to modestly negative levels in fiscal 2025, but improve slightly in fiscal 2026

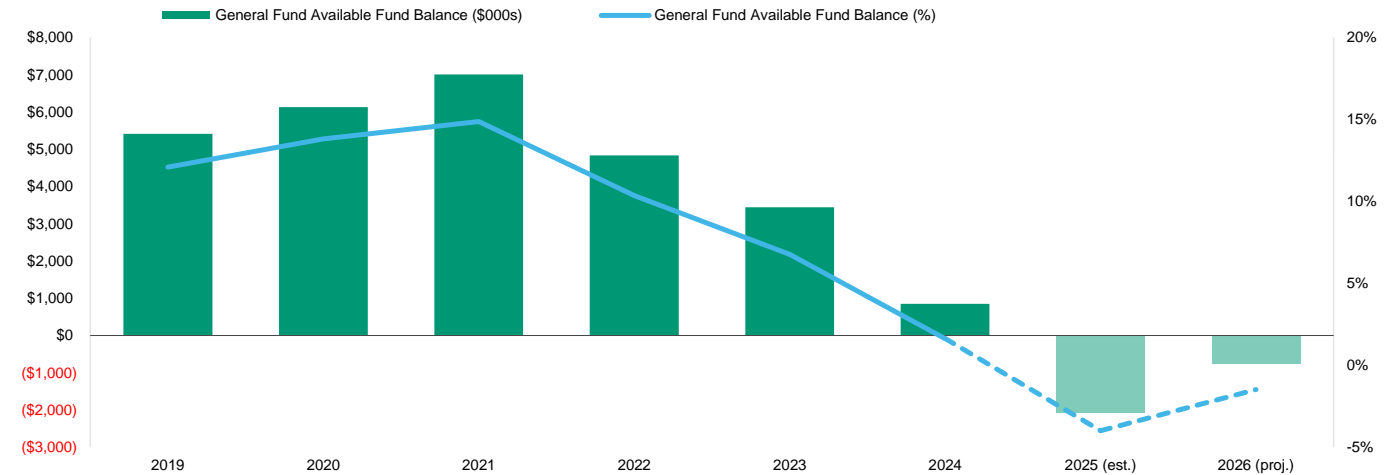
■ Fund Balance as a % of Revenues ■ Cash Balance as a % of Revenues



Sources: Fridley Independent School District 14, MN's financial statements and Moody's Ratings

Exhibit 4

General fund balance is projected to go negative in fiscal 2025 and begin to recover in fiscal 2026



Fiscal 2025 and 2026 projections based on the district's projections and calculated with fiscal 2024 revenue.
 Sources: Fridley Independent School District 14, MN's financial statements, district management projections, and Moody's Ratings

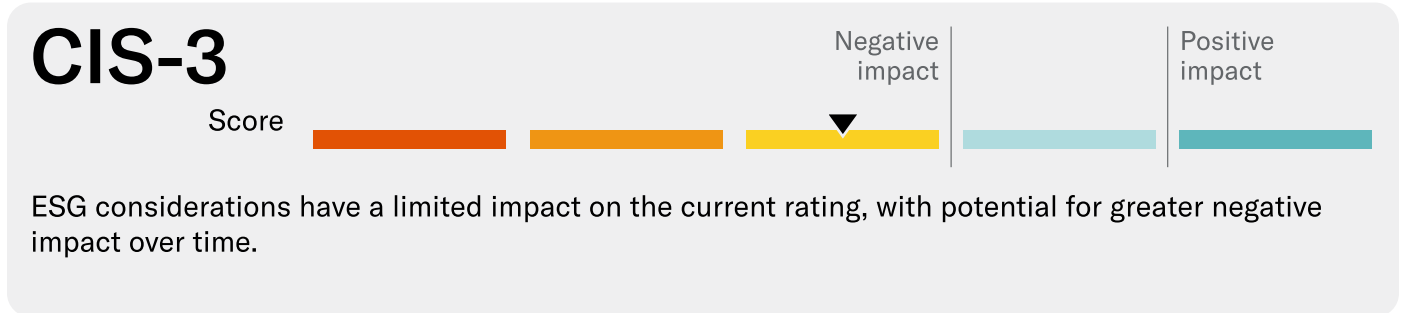
Leverage

At 214% of revenue as of fiscal 2024, the district's leverage, made up of debt and unfunded pension and OPEB obligations, is low relative to the 304% median for similarly rated school districts. Pension obligations account for more than half of the district's leverage. Minnesota school districts' adjusted net pension liabilities (ANPLs) are primarily attributable to their participation in the Teachers Retirement Association of Minnesota (TRA). Based on TRA's reporting, we expect Minnesota school districts' ANPLs to decline by about 8% in fiscal 2024 which will be reflected in fiscal 2025 audited financials. While results will vary across US public pension systems, we generally expect local governments' fiscal year 2025 ANPLs to fall by another 20% based on our aggregate estimates, due to rising interest rates and above-target investment returns in 2024. As of the TRA's fiscal 2023 reporting, government contributions in aggregate amounted to almost 10% of payroll, below our tread water indicator, which amounted to around 13% of payroll.

ESG considerations

Fridley Independent School District 14, MN's ESG credit impact score is CIS-3

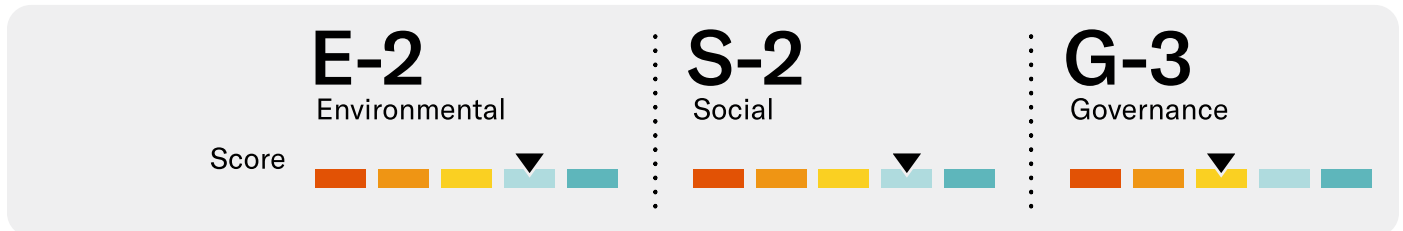
Exhibit 5
ESG credit impact score



Source: Moody's Ratings

Fridley ISD 14, MN's Credit Impact Score (CIS) is **CIS-3**, reflecting moderately negative exposure to governance risks and relatively low exposure to environmental and social risks. ESG considerations have a negative impact on the district's credit rating, primarily because weak governance and budget management have driven material declines in reserves over the past several years.

Exhibit 6
ESG issuer profile scores



Source: Moody's Ratings

Environmental

Fridley ISD 14's **E-2** score reflects relatively low exposure to environmental risks across all categories, including physical climate risk, carbon transition, water management, natural capital, and waste and pollution.

Social

Fridley ISD 14's **S-2** score reflects relatively low exposure to social risks across most categories, including demographics, labor and income, education, housing and access to basic services. The district has positive exposure to health and safety as demonstrated by a high life expectancy and a low violent crime rate relative to its peers. School districts face a sector-wide challenge of consistently attracting and maintaining instructional and non-instructional personnel.

Governance

Fridley ISD 14's **G-3** score reflects its recent history of weak budget management with negative budget variances that resulted in multi-year reserve declines. Favorably, the district plans to structurally balance its operations starting in fiscal 2026 by implementing material expenditure reductions, coupled with additional revenue from a recently-approved operating levy increase. The district is also considering cash flow borrowing through a line of credit and aid anticipation certificates within the next fiscal year to address potential liquidity needs. The district operates in an institutional structure where the state controls the bulk of district revenue through a per-pupil funding formula, though districts can generate additional revenue by approaching voters for an additional levy up to the standard referendum cap. Transparency and disclosure practices are solid given the timely filing of audited financial statements and budgets.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The US K-12 Public School Districts Methodology includes a scorecard, a tool providing a composite score of a school district's credit profile based on the weighted factors we consider most important, universal and measurable, as well as possible notching factors dependent on individual credit strengths and weaknesses. Its purpose is not to determine the final rating, but rather to provide a standard platform from which to analyze and compare school district credits.

The assigned rating is lower than the scorecard-indicated outcome because of the expectation that the district's very narrow financial position will erode further in fiscal 2025 and remain challenged over the next several years despite planned fiscal 2026 budgetary improvements.

Exhibit 7

Fridley Independent School District 14, MN

	Measure	Weight	Score
Economy			
Resident Income (MHI Adjusted for RPP / US MHI)	91.7%	10.0%	A
Full value per capita (full valuation of the tax base / population)	131,320	10.0%	Aa
Enrollment trend (three-year CAGR in enrollment)	-2.1%	10.0%	Baa
Financial performance			
Available fund balance ratio (available fund balance / operating revenue)	2.7%	20.0%	Ba
Net cash ratio (net cash / operating revenue)	7.9%	10.0%	Baa
Institutional framework			
Institutional Framework	A	10.0%	A
Leverage			
Long-term liabilities ratio ((debt + ANPL + adjusted net OPEB) / operating revenue)	232.4%	20.0%	Aa
Fixed-costs ratio (adjusted fixed costs / operating revenue)	10.8%	10.0%	Aaa
Notching factors			
No notchings applied			
Scorecard-Indicated Outcome			A2
Assigned Rating			Baa3

The complete list of outstanding ratings assigned to the Fridley Independent School District 14, MN is available on their [issuer page](#). Details on the current ESG scores assigned to the Fridley Independent School District 14, MN are available on their [ESGView page](#).

Sources: US Census Bureau, Fridley Independent School District 14, MN's financial statements and Moody's Ratings

Appendix

Exhibit 8

Key Indicators Glossary

	Definition	Typical Source*
Economy		
Resident income	Median Household Income (MHI), adjusted for Regional Price Parity (RPP), as a % of the US	MHI: American Community Survey (US Census Bureau) RPP: US Bureau of Economic Analysis
Full value (\$000)	Estimated market value of taxable property accessible to the district	State repositories, district's audited financial reports, offering documents or continuing disclosure
Population	Population of school district	American Community Survey (US Census Bureau)
Full value per capita	Full value / population of school district	
Enrollment	Student enrollment of school district	State data publications
Enrollment trend	3-year Compound Annual Growth Rate (CAGR) of Enrollment	State data publications; Moody's Ratings
Financial performance		
Operating revenue (\$000)	Total annual operating revenue in what we consider to be the district's operating funds	Audited financial statements
Available fund balance (\$000)	Committed, assigned and unassigned fund balances in what we consider to be the district's operating funds	Audited financial statements
Net cash (\$000)	Net cash (cash and liquid investments minus short-term debt) in what we consider to be the district's operating funds	Audited financial statements
Available fund balance ratio	Available fund balance / Operating Revenue	Audited financial statements
Net cash ratio	Net Cash / Operating Revenue	Audited financial statements
Leverage		
Debt (\$000)	District's direct gross debt outstanding	Audited financial statements; official statements
ANPL (\$000)	District's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
OPEB (\$000)	District's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Long-term liabilities ratio	Debt, ANPL and OPEB liabilities as % of operating revenue	Audited financial statements, official statements; Moody's Ratings
Implied debt service (\$000)	Annual cost to amortize district's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Ratings
Pension tread water (\$000)	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Ratings
OPEB contributions (\$000s)	District's actual contribution in a given period, typically the fiscal year	Audited financial statements; official statements
Fixed-costs ratio	Implied debt service, pension tread water and OPEB contributions as % of operating revenue	Audited financial statements, official statements, pension system financial statements

*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the [US K-12 Public School Districts Methodology](#).

Source: Moody's Ratings

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REPORT NUMBER 1446053

CLIENT SERVICES

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Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

April 8, 2025



Board of Education
Fridley Public Schools
6000 West Moore Lake Drive
Fridley, MN 55432

**RE: Hayes Elementary School
Summer 2025 Asbestos Removal Project
IEA Project #202510279**

Dear Board Members:

On Monday, April 7, 2025, a total of five (5) sealed bids were received for the Hayes Elementary School – Summer 2025 Asbestos Removal Project. A copy of the Bid Tabulation is enclosed for your review.

As a result of the bid opening, **Environmental Plant Services, Inc.**, is the low bidder for the **Lump Sum Base Bid at \$182,874.00.**

The post-bid submittal packages were received and have been reviewed. The Institute for Environmental Assessment (IEA, Inc.) finds no reason not to award the above-referenced project to Environmental Plant Services, Inc.

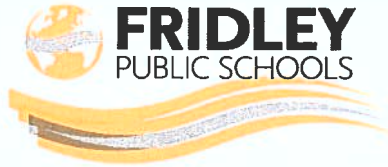
Upon Board approval, IEA will notify Environmental Plant Services, Inc., that Fridley Public Schools has accepted their bid to conduct work on the above-referenced project.

If you have any questions or require additional information, please do not hesitate to contact me.

Sincerely,
IEA, INC.

Michael Voss
Senior Project Manager

MV:mtv 040825



A World-Class Community of Learners

Renee Arbogast RDN SNS
Director of Nutritional Services

FRIDLEY MIDDLE SCHOOLS
6000 West Moore Falls Drive | Fridley, MI
55432
Phone: 763-502-5072 | Fax: 763-502-5054

Date: May 6, 2025

RE: Middle School Combi Oven Replacement

Dear Dr. Lewis,

On May 6, 2025 the request for quotation documents was reviewed for the Fridley Middle School Combi Oven project. The current Blodget oven is nonfunctional and is expensive to repair. The new Combi Oven will provide additional cooking space to help the district mee the upcoming USDA nutritional regulatory changes. It is recommended that the new Combi Oven be purchased from Culinex. This recommendation was also reviewed with Rochelle Cox, Senior Director of Operations and System Alignment.

Compan y	Date Received	Combi Oven Cost	Freight Cost	Installation Cost	Total Cost	Match Specificatio n
Boelter	4/24/25	\$27630.00	0	\$2200.00	\$29830.00	Yes
Stragetic TriMark	No response					Yes
Culinex	4/17/25	\$27522.16	0	\$2175.00	\$29697.16	Yes

Regards,

Renee Arbogast RDN SNS
Director of Nutritional Services Fridley Public Schools



Middle School Rationale Combi Oven Replacement

Description:

The Fridley Middle School Blodgett Oven is to be replaced this summer with a Rationale Combi Oven. Three companies were invited to provide price quotes and two submitted price quotes for the project. Culinex was the lowest responsible bidder. Documentation for the price quotation process is included as part of the action item.

Administrative Recommendation:

It is recommended that the school board take action to accept the Culinex price quotation for the Rationale Combi Oven.



Renee Arbogast RDN SNS
Director of Nutritional Services

FRIDLEY PUBLIC SCHOOLS
6000 West Moore Lake Drive | Fridley, MN
55432
Phone: 763-502-5022 | Fax: 763-502-5050
Mary.mueller@fridley.k12.mn.us

Date: May 6, 2025

RE: Middle School Combi Oven Replacement

Dear Dr. Lewis,

On May 6, 2025 the request for quotation documents was reviewed for the Fridley Middle School Combi Oven project. The current Blodget oven is nonfunctional and is expensive to repair. The new Combi Oven will provide additional cooking space to help the district mee the upcoming USDA nutritional regulatory changes. It is recommended that the new Combi Oven be purchased from Culinex. This recommendation was also reviewed with Rochelle Cox, Senior Director of Operations and System Alignment.

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Regards,

Renee Arbogast RDN SNS
Director of Nutritional Services Fridley Public Schools



A World-Class Community of Learners

Revised Budget School Year 24-25

May 20, 2025



IB CONTINUUM
CONTINUUM DE L'IB
CONTINUO DEL IB

The first and only school district in Minnesota to provide the full E-12 International Baccalaureate Continuum

Mid-Year Considerations

- Enrollment Updates
- State & Federal Funding
- Staffing
 - Contract Settlements
 - Staff Placement
 - Employee Benefits
- Detailed Look at Account Activity
- Deferred Maintenance Items
- Prior Year Results

2024-25 Adopted vs Revised Budget General Fund

General Fund	Adopted	Revised	Change
Revenues	\$51,545,118	\$54,168,123	\$2,623,005
Expenditures	\$56,053,117	\$56,591,095	(\$537,978)
Fund Balance	(\$4,507,999)	(\$2,422,972)	\$2,085,027

2024-25 General Fund Revenue Adjustments

Description	Change
State General Education Aid	\$571,013
Property Taxes	670,358
Other State Sources	489,958
Local - Fees, donations, Other	(43,030)
Federal Sources	934,706
Total Adjustments	\$2,623,005

2024-25 General Fund Expenditure Adjustments

Description	Change
Salaries & Wages	\$105,543
Employee Benefits	(102,533)
Purchased Services	384,275
Supplies & Equipment	(112,582)
Other Expenditures	149,987
Federal Programs	113,288
Total Adjustments	\$537,978

Description	2024-25 Adopted	2024-25 Revised	Increase/ (Decrease)
Revenues:			
General Fund	\$51,545,118	\$54,168,123	\$2,085,027
Food Service	2,506,900	2,550,500	43,600
Community Service	2,736,538	2,688,120	(48,418)
Construction	3,288,759	4,359,714	1,070,955
Debt Redemption	4,852,485	4,852,485	-
Internal Service (Medical & Dental)	6,727,953	6,727,953	-
OPEB Debt & Trust	340,000	721,430	381,430
Totals	\$71,997,753	\$76,068,325	\$4,070,572

Description	2024-25 Adopted	2024-25 Revised	Increase/ (Decrease)
Expenditures:			
General Fund	\$56,053,117	\$56,591,095	\$537,978
Food Service	2,965,554	2,965,554	-
Community Service	2,545,113	2,545,113	-
Construction	3,280,000	3,280,000	-
Debt Redemption	5,004,143	5,040,085	35,942
Internal Service (Medical & Dental)	7,300,141	7,300,141	-
OPEB Debt & Trust	561,250	561,250	-
Totals	\$77,709,318	\$78,283,238	\$573,920

Questions / Comments

Jason Mutzenberger
Director of Finance
Fridley Public Schools
Finance@Fridley.k12.mn.us



A World-Class Community of Learners

FRIDLEY PUBLIC SCHOOLS
 6000 West Moore Lake Drive, Fridley, MN 55432
 Phone: 763-502-5004 | Fax: 763-502-5050

TO: Members of the School Board and Superintendent Lewis
FROM: Jason Mutzenberger, Director of Finance
DATE: May 20, 2025
RE: Approval of the School Year 2024-2025 Revised Budget

Recommendation

For the Board of Education to approve the School Year 2024-205 revised budget as summarized below:

Fund	Revenues	Expenditures
General	\$54,168,123	\$56,591,095
Food Service	\$2,550,500	\$2,965,554
Community Service	\$2,688,120	\$2,545,113
Building Construction	\$4,359,714	\$3,280,000
General Debt Service	\$4,852,485	\$5,040,085
OPEB Debt Service	\$381,430	\$0
Internal Service	\$6,727,953	\$7,300,141
OPEB Trust	\$340,000	\$561,250



INTERNATIONAL BACCALAUREATE (IB) PROGRAMME

Our IB World Schools provide:
 Primary Years Programme (PYP) in Preschool
 Primary Years Programme (PYP) in grades K-4
 Middle Years Programme (MYP) in grades 5-10
 Diploma Programme (DP) in grades 11-12

OUR SCHOOLS

Hayes Elementary School
 R.L. Stevenson Elementary School
 Fridley Middle School
 Fridley High School
 Area Learning Center

Budget Summary

General Fund

The General Fund is used to record the financial activities of the District that are not included elsewhere. This includes education activities, district instructional and student support programs, pupil transportation, capital expenditures, and legal school district expenditures not specifically designated to be accounted for in any other fund.

Revenue Adjustments

A thorough analysis has resulted in revenue adjustments across most categories of funding. These include state general education aid, property taxes, other state sources, local revenue, federal sources, and student activities. The revenue adjustments are largely related to changes in state and federal funding and enrollment updates.

Expenditure Adjustments

A detailed look at account activity in the expenditures has also revealed a need for significant adjustments. These categories include salary and wages, employee benefits, purchased services, supplies and equipment, other or miscellaneous expenditures, and federal programs. Expenditure changes are largely related to contract settlements, new staff placement on salary schedules, and employee benefit selections.

The most significant change is occurring in the purchased services category which includes expenditures for services rendered by personnel who are not on the payroll along with other services the district may purchase. This includes items like special education, transportation, consulting, utilities, insurance, repairs and maintenance, and many others.

Another category seeing a large increase is supplies and equipment. This includes instructional items like books and devices, along with long-term facility maintenance as we continue to invest in deferred maintenance at our sites.

Food Service Fund

The food service fund is used to record financial activities of the District's food service program. Estimated revenues include the Free School Meals for Kids Program enacted in the 2023 legislative session. Revenues are budgeted conservatively, while expenses are budgeted to include projected increases in commodity costs.

The revised budget includes positive revenue adjustments in meals served and no changes to expenses.

Community Service Fund

The community service fund is used to record financial activities of the District's community service programs. The community service fund continues to recover from the impacts of COVID-19. Community service programs are fee based and the revenues continue to recover to pre-pandemic levels. Reductions were made, but revenues continue to exceed

expenditures. As a result, the community service fund has a negative fund balance reserve. District Administration continues to look towards increasing revenues and reducing expenditures.

We are recommending a small decrease in revenues and no change in expenses.

General and OPEB (Other Post Employment Benefits) Debt Service Funds

The Debt Service Fund is used to record revenues and expenditures for a school district's outstanding bonded indebtedness, whether for building construction or operating capital, and whether for initial or refunding bonds.

When a bond issue is sold, the school board must levy a direct general tax upon the property of the district for the payment of principal and interest on such bonds as due. The amount levied is 105% of the principal and interest due on such bonds, which allows for delinquencies in tax collection.

When an excess of funds on hand is accumulated in the debt service funds due to interest earnings, lower than anticipated tax delinquency, or excess building funds, the levy for debt service may be reduced in whole or in part as dictated by fund balances and debt retirement requirements.

We are recommending a small adjustment for both revenues and expenses for the revised budget.

Internal Service Funds

The Internal Service Funds account for the Districts self-insured medical and dental plans. In the medical fund we are not recommending any changes. The same is true in the dental fund, as we are not recommending any changes to contributions or claim expenses

OPEB (Other Post Employment Benefits) Trust

The OPEB trust fund accounts for the payment and financing of the districts OPEB liabilities with no recommended changes.



**2025-2026 RESOLUTION FOR MEMBERSHIP
IN THE MINNESOTA STATE HIGH SCHOOL LEAGUE
Membership Renewal Form**

This form must be completed once for each school in the district.

Must be completed and submitted to MSHSL NOT LATER THAN JULY 31, 2025. Retain one copy for the school files.

RESOLVED, that the Governing Board or Entity of _____ (Name of School) located in the State of Minnesota delegates the control, supervision and regulation of interscholastic activities and athletics (referred to in MN Statutes, Section 128C.01) to the Minnesota State High School League, and so hereby certifies to the State Commissioner of Education as provided for by Minnesota Statutes.

FURTHER RESOLVED, that the school listed 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 to participate in the approved interscholastic activities and athletics sponsored by said League and its various subdivisions.

FURTHER RESOLVED, that this Governing Board or Entity hereby adopts the Constitution, Bylaws, Policies, 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 school, or as appears on the League's website, as the minimum standards governing participation in said League-sponsored activities and athletics. Further, the administration and responsibility for determining student eligibility and for the supervision of such activities and athletics are assigned to the official representatives identified by this Governing Board or Entity.

Signing this Resolution for Membership affirms that this Governing Board has reviewed all required membership materials provided by the League which defines the purpose and value of education-based activity and athletic and programs and defines each member school's responsibilities.

Member schools must develop and publicize administrative procedures to address eligibility suspensions related to Student Code of Responsibilities (Bylaw 206.2) violations for students participating in activity and athletic programs by member schools.

The above Resolution was adopted by the Governing Board or Entity of this school or 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 following is taken from the MSHSL Constitution:

208.00 LOCAL CONTROL

208.01 Designated School Representatives

At the beginning of the League's fiscal year, the governing board of each member school shall designate two (2) representatives who are authorized to vote for the member school at all district, region and section meetings and on mail ballots where member schools are called upon to vote.

One of the designated representatives shall be a member of the school's governing board and the other shall be an administrator or full-time faculty member of the member school.

In school districts with multiple schools, the designated representative from the school district's governing body may represent more than one school and is entitled to one vote for each school they represent.

208.02 Designated Activity Representatives

At the beginning of the League's fiscal year, the governing board of each member school shall select individuals to represent its school in the following areas: (a) boys sports; (b) girls sports; (c) speech; and (d) music.

208.03 Local Advisory Committee

Each school is urged to form an advisory committee for League activities. Committee membership is not limited to but shall include a school board member, a student, a parent, and a faculty member, to advise the designated school representatives on all matters relating to the school's membership in the MSHSL.

Name of School (Please Print)

208.01 VOTE ON BEHALF OF THE HIGH SCHOOL

(Designated School Board Member – please print)

(Designated School Representative – please print)

Email Address

Email Address

208.02 ACTIVITY REPRESENTATIVES

(Boys Sports – please print)

(Girls Sports – please print)

(Speech – please print)

(Music – please print)

208.03 LOCAL ADVISORY COMMITTEE MEMBERS

(Board Member—please print)

(Student—please print)

(Parent—please print)

(Faculty Member—please print)

(Mailing Representative—please print)

The Mailing Representative is the person to whom mailings go. This is usually the Activity Director.

Print Name: _____
(Clerk/Secretary - Local Governing Board)

Print Name: _____
(Superintendent or Head of School)

Signed: *Signature required*

(Clerk/Secretary - Local Governing Board)
electronically through DocuSign
Date: _____

Signed: *Signature required*

(Superintendent or Head of School)
electronically through DocuSign
Date: _____

RESOLUTION Accepting Gifts

WHEREAS, School Board Policy 706 establishes guidelines for the acceptance of gifts to the District; and

WHEREAS, Minnesota Statute 465.03 states the School Board may accept a gift, grant, or devise of real or personal property only by the adoption of a resolution approved by two-thirds of its members;

THEREFORE, BE IT RESOLVED, that the School Board of Fridley Public Schools accepts with appreciation the following gifts received by the School District:

- The following persons donated to **Fridley Community Center**:
 - Friends of the Fridley Senior Program - \$25,000

Minutes
School Board Business Meeting
Fridley Independent School District 14
April 15, 2025

Call to Order, Pledge of Allegiance

Board Chair Karnopp called the Business Meeting of the Fridley School Board to order at 7:31 PM on Tuesday, April 15, 2025, at the Fridley Community Center. The following Board members were present in the room: Sara Jones, Jake Karnopp, Ross Meisner, Avonna Starck. Absent: Nikki Auna, Erik Keeler, Student representative Aiyanna Shobe and Student representative: Deqa Ahmed.

Approval of the Agenda with Suggested Motions and Resolutions

Motion by Starck, seconded by Jones, to approve the agenda for April 15, 2025. Upon vote being taken, all voted in favor, none against, none abstained. Motion carried 4-0.

Superintendent and Staff Reports

A. Superintendent Report

Superintendent Lewis congratulated the six Assistant Principals at FPS for Assistant Principal Week; Matthew Hammer of Ehlers presented on the pre-sale report for building bond; Karin Beckstrand presented on the IB Preschool Preauthorization; Aloda Sims presented on the Equity Framework Alignment; Rochelle Cox presented on the Transportation department's new vehicle and Transportation Coordinator; Rochelle presented an update on construction projects; Superintendent Lewis presented on Legislative Advocacy; Treasurer Jones presented on the search for our next junior to join as School Board Student Representative; Treasurer Jones gave an update on the NE Metro 916 school board meeting; upcoming events were announced; Superintendent Lewis provided a call to action for all.

Business Action Items

A. Motion: Transportation Contract for First Student Transportation 2025-2028

Motion by Meisner, seconded by Starck. to approve the transportation contract for First Student Transportation 2025-2028. Upon vote being taken, all voted in favor, none against, none abstained. Motion carried 4-0.

B. Motion: Transportation Contract for Collaborative Student Transportation 2025-2028

Motion by Meisner, seconded by Jones to approve the transportation contract for Collaborative Student Transportation 2025-2028. Upon vote being taken, all voted in favor, none against, none abstained. Motion carried 4-0.

C. Motion: Transportation Contract for Halo Transportation 2025-2028

Motion by Meisner, seconded by Starck to approve the transportation contract for Halo Transportation 2025-2028. Upon vote being taken, all voted in favor, none against, none abstained. Motion carried 4-0.

D. Motion: inBYLT Professional Services Agreement for the Hayes Flooring Project

Motion by Meisner, seconded by Jones to approve the inBYLT Professional Services Agreement for the Hayes Flooring Project. Upon vote being taken, all voted in favor, none against, none abstained. Motion carried 4-0.

E. Motion: inBYLT Professional Services Agreement for the Referendum 2025-2026 Construction

Motion by Meisner, seconded by Starck to approve the inBYLT Professional Services Agreement for the Referendum 2025-2026 Construction. Upon vote being taken, all voted in favor, none against, none abstained. Motion carried 4-0.

F. Motion: Award and Accept the bid from Apadana, LLC for the FHS Restroom Remodel

Motion by Meisner, seconded by Jones to Award and Accept the bid from Apadana, LLC for the FHS Restroom Remodel. Upon vote being taken, all voted in favor, none against, none abstained. Motion carried 4-0.

G. RESOLUTION Accepting Gifts

WHEREAS, School Board Policy 706 establishes guidelines for the acceptance of gifts to the District; and

WHEREAS, Minnesota Statute 465.03 states the School Board may accept a gift, grant, or devise of real or personal property only by the adoption of a resolution approved by two-thirds of its members;

THEREFORE, BE IT RESOLVED, that the School Board of Fridley Public Schools accepts with appreciation the following gifts received by the School District:

The following persons donated to **Hayes Elementary School**:

- i. Teppanyaki Grill - \$100
- ii. Gardens of Rice Creek - \$100

Motion by Jones, seconded by Meisner to accept the gifts and thank the donors for their contributions. Upon roll call vote being taken, all voted in favor, none against, none abstained. Motion carried 4-0.

Consent Agenda

Motion by Starck, seconded by Jones to approve the consent agenda including minutes of the business meeting held on March 18, 2025; New Contracts, Amendments, Lane Changes, Leaves of Absence, Resignations and Terminations; and Monthly Financial Reports; Adult Basic

Education (ABE) Lease; and School Board Meeting Calendar 2025-2026 Upon vote being taken all voted in favor, none against, none abstained. Motion carried 4-0.

Important Future Board Dates

1. No School
April 18, 2025
2. RLS PTO Meeting
April 23, 2025 3:00 PM
Stevenson Elementary School
3. RLS Festival of Nations
April 24, 2025 5:30 - 7:15 PM
Stevenson Elementary School
4. FHS Spring Play: "A Murder is Announced"
April 24, 25, 26 7:00 PM
District Auditorium
5. FHS Conferences
April 30, 2025 4:00-7:30 PM
Fridley High School
6. Future Kindergarten Social
May 1, 2025 4:30-5:00 PM
Locke County Park
7. Hayes Second Grade and Glee Club Concert
May 1, 2025 6:00 PM
District Auditorium
8. Free Family Movie Night: "Wallace and Gromit: Vengeance Most Fowl"
May 2, 2025 7:00 PM
District Auditorium
9. FHS Junior/Senior Prom Grand March
May 3, 2025 4:00 PM
District Auditorium
10. School Board Work Session
May 6, 2025 5:30 PM
Fridley Community Center
11. 6th Grade Knowledge Fair
May 7, 2025 4:30-6:00 PM
Fridley Middle School

12. RLS PTO Meeting
May 7, 2025 5:00 PM
Stevenson Elementary School

13. Hayes and Stevenson Carnival Night
May 8, 2025 5:00 PM
Hayes and Stevenson Elementary Schools

14. FMS Band Concert Night
May 13, 2025
6th grade band and choir 6:00 PM
7th grade band and 7th/8th grade choir 7:00 PM
8th grade band and jazz band 8:00 PM

15. FHS Scholastic Banquet
May 14, 2025 6:00 PM
FHS Cafeteria and District Auditorium

16. Incoming 5th Grade Orientation
May 15, 2025 4:30 PM
Fridley Middle School

17. Fridley Public Schools School Board Meeting
May 20, 2025
Fridley Community Center
5:30 PM Work Session
7:00 PM Public Comment
7:30 PM Business Meeting

Adjournment

Motion by Starck, seconded by Keeler to adjourn the meeting at 8:48 PM. Upon vote being taken, all voted in favor, none against, none abstained. Motion carried 4-0.

Jake Karnopp, Board Chair

Avonna Starck, Board Clerk

INDEPENDENT SCHOOL DISTRICT NO. 14
FRIDLEY, MINNESOTA
TREASURER'S REPORT
MONTH ENDING 04/30/25

Fund	Revised Balance 3/31/25	Receipts	Payroll Disbursements	A/P Disbursements	Journal Entry Transfers	Balance 04/30/25
General (01)	\$ 45,819,312.39	\$ 5,185,777.12	\$ 1,788,836.44	\$ 1,692,227.02	\$ (4,470.00)	\$ 47,519,556.05
Food Service (02)	\$ 1,059,495.12	238,455.61	42,908.47	120,718.23		\$ 1,134,324.03
Transportation (03)	\$ (42,455,557.06)		7,406.39	388,702.27		\$ (42,851,665.72)
Comm. Service (04)	\$ (324,246.87)	94,783.22	114,926.82	142,531.26		\$ (486,921.73)
Operating Capital (05)	\$ (616,124.90)			19,390.85		\$ (635,515.75)
Construction (06)	\$ (337,129.60)			349,870.77	477,938.14	\$ (209,062.23)
Debt Service (07)	\$ 599,773.82					\$ 599,773.82
Performance Contract (16)	\$ (4,220,892.26)					\$ (4,220,892.26)
Activity Fund (19)	\$ 200,187.74	6,478.40		9,841.13	4,470.00	\$ 201,295.01
Dental Self Insurance (20)	\$ 134,090.46	125.50		26,607.22		\$ 107,608.74
Medical Self Insurance (21)	\$ 2,107,658.99	4,653.75		569,935.89		\$ 1,542,376.85
OPEB Trust Fund (25)	\$ 10,729.84	10,271.01				\$ 21,000.85
OPEB Debt Service (47)	\$ 517,393.81					\$ 517,393.81
Student Activities Under Board Control (51)	\$ 81,965.21	12,545.99		14,125.13		\$ 80,386.07
Total	\$ 2,576,656.69	\$ 5,553,090.60	\$ 1,954,078.12	\$ 3,333,949.77	\$ 477,938.14	\$ 3,319,657.54

*cash balances have been updated and changes reflect cash movement between funds due. Overall cash balances is unchanged.

Bank	Balance Per Bank Statement	Outstanding Checks	Outstanding Deposits	Balance per Treasurer's Books
MN Trust - OPEB	\$ -	\$ -	\$ -	\$ -
MN Trust - Operating	3,498,535.48	180,760.61	-	3,317,774.87
Total	\$3,498,535.48	\$ 180,760.61	\$ -	\$3,317,774.87
		Difference	\$	1,882.67

Schedule of Investments

As of 04/30/25

Investment	Broker	Type	Purchased	Maturity	Market Value	Par	Yield
MNTrust Term Series-Flex (TECH CU)	PMA - OPP	TS	04/30/25	04/30/25	6,490.00	6,490.00	4.33%
Goldman Sachs Government Money	PMA - OPEB	MMA	03/03/25		3,172,663.26	3,172,663.26	4.96%
US Treasury N/B	PMA - OPEB	SEC	01/21/22	11/30/25	269,102.54	275,000.00	1.35%
US Treasury N/B	PMA - OPEB	SEC	02/24/22	11/30/25	234,853.13	240,000.00	1.72%
Great Midwest Bank, S.S.B., WI CD	PMA - OPEB	CD	12/28/22	12/01/25	120,000.00	134,747.18	4.20%
Customers Bank, NY	PMA - 2024A BONDS	CD	07/16/24	05/30/25	239,450.00	249,878.44	5.00%
CIBC Bank ISA, MI	PMA - 2024A BONDS	CD	07/16/24	05/30/25	239,600.00	249,872.04	4.92%
Veritex Community Bank, TX	PMA - 2024A BONDS	CD	07/16/24	05/30/25	239,550.00	249,850.30	4.94%
Gbank, NV	PMA - 2024A BONDS	CD	07/16/24	05/30/25	239,450.00	249,859.97	4.99%
GREENSTATE CREDIT UNION, IA	PMA - 2024A BONDS	CD	07/16/24	06/30/25	238,700.00	249,868.88	4.89%
The First National Bank of Hutchinson, KS	PMA - 2024A BONDS	CD	07/16/24	06/30/25	238,550.00	249,848.53	4.95%
Western Alliance Bank, CA	PMA - 2024A BONDS	CD	07/16/24	06/30/25	238,000.00	249,849.42	5.21%
NexBank, TX	PMA - 2024A BONDS	CD	07/16/24	07/31/25	237,400.00	249,847.80	5.04%
Farmers and Merchants Union Bank, WI	PMA - 2024A BONDS	CD	07/16/24	07/31/25	237,550.00	249,882.15	4.99%
Totals					\$ 5,951,358.93	\$ 6,077,657.97	

Personnel Changes 2024-2025

New Contracts and Amendments per Master Agreements (2024-2025)

First Name	Last Name	Assignment	Step/Lane/Salary	School
Ali	Ahmed	Cook	Step 5, \$20.75/hr	FHS
Blair	Berger	Marching Band Assistant Advisor	Schedule C	FHS
Lisa	Boberg	MS Softball Coach	Schedule C	FMS
Zack	Bobick	MS Track Coach	Schedule C	FMS
Mandi	Burian	Prom & Grand March Advisor	Schedule C	FHS
Kelli	Greenhalgh	Prom & Grand March Advisor	Schedule C	FHS
Caleb	Groth	MS Baseball Coach	Schedule C	FMS
Trevor	Hess	Spring Strength Training	Schedule C	FHS
Samantha	Johnson	MS Softball Coach	Schedule C	FMS
Sima gul	Karimi	Cook	Step 1, \$17.16	RLS
Jordan	Mendoza	Paraeducator	Step 1, \$20.50	Hayes
Judy	Olivares Cabrera	Paraeducator	Step 3, \$21.50	Hayes
Camille	Rasmussen	MS Track Coach	Schedule C	FMS
Jessica	Schuette	Youth In Government Advisor	Schedule C	FHS

Individual Contracts (2024-2025)

First Name	Last Name	Assignment	Step/Lane/Salary	School
Febe	Gonzalez	Business Services Manager	Indv Contract	DO
Katie	Kern	Human Resources Coord	Indv Contract	DO

Leaves of Absence (2024-2025)

- Brittany Fleck has requested a leave of absence from their Teacher position at Stevenson Elementary School from 05/19/2025 to 06/06/2025.
- Nicolle Moussette has requested a leave of absence from their Teacher position at ALC from 05/12/2025 to 06/06/2025

05-20-25 School Board Meeting

- Roberta Peterson has requested a leave of absence from their Paraeducator position at Stevenson Elementary from 05/15/25 to 06/04/25
- Laura Seifert-Hertling has requested a leave of absence from their Director of Special Services position at District Office from 04/15/2025 to 06/30/2025.

Leaves of Absence (2025-2026)

- Leah Hiatt has requested a leave of absence from their Teacher position at Hayes Elementary School from 08/25/2025 to 10/31/2025.

Status Changes (2025-2026)

- Chris Cudnowski, .5 Sci/.5 Building at Fridley High School will be moving to a Building Sub position
- Mae Nallos, 1.0 FTE ECFE Teacher at Fridley Community Center will be moving to a Building Sub position at the District Office.
- Rachel Pobuda, .8 FTE ECFE Teacher at Fridley Community Center will be moving to a Building Sub position.

Resignations (2024-2025)

- Alexa Bauermeister has resigned from their Social Worker position at Fridley Middle School effective 6/6/2025.
- Kristine Chambers has resigned from their Guidance Counselor position at Hayes Elementary effective 6/6/2025.
- Amanda Connolly has resigned from their Teacher position at Fridley High School effective 6/6/25.
- Jessa Mae Domens has resigned from their Paraeducator position at VISTA effective 6/5/25.
- Ayesha Faisal has resigned from their Health Assistant position at District Office effective 4/11/25.
- Christopher Fischer has resigned from their Teacher position at Hayes Elementary effective 6/6/25.
- David Gillan has resigned from their Head Custodian position at Fridley Middle School effective 5/30/25.
- Isaac Gusdal has resigned from their Custodian position at Fridley Middle School effective 5/13/25.
- Sai Prasanthi Nalavenkata has resigned from their Math position at Fridley High School effective 6/6/25.
- Lena Riddley has resigned from their Classroom Assistant position at Fridley Community Center effective 4/25/25.
- Laura Seifert-Hertling has resigned from their Director of Special Services position at Fridley Public Schools effective 7/31/25.
- Katherine Sneider has resigned from their IB Coordinator position at ALC/Fridley High School effective 6/29/25.

05-20-25 School Board Meeting

- Mary Watkins has resigned from their Behavior Intervention Teacher position at Hayes Elementary effective 6/6/25.
- Jessica Weidner has resigned from their Teacher position at Fridley Middle School effective 6/6/25.

Retirements (2024-2025)

- Peggy Haselman has retired from their Teacher position at Stevenson Elementary effective 6/6/25.
- Marty Nyhus has retired from their Custodian position at Fridley High School effective 04/30/2025.
- Reuben Thomas has retired from their Cook position at Fridley High School effective 5/14/2025.

Terminations (2024-2025)

- John Herber was terminated from their Paraeducator position at Fridley High School effective 04/07/2025. *This is a correction from the previous resignation reported at the 4/15/25 meeting.*
- Gavin Nachtigall was terminated from their Teacher position at Fridley Middle School effective 5/5/25.

Positions Ending (2024-2025)

- Jodi Aldrich's Building Sub position at Hayes Elementary will be ending 6/5/25.
- Ariel Amusan's Long Term Substitute position at Hayes Elementary will be ending 6/6/25.
- Hana Beier's Long Term Substitute position at Hayes Elementary will be ending 6/6/25.
- Melanie Novitsky's Long Term Substitute position at Stevenson Elementary will be ending 6/6/25.
- Beth Olsen's Teacher position at Hayes Elementary will be ending 6/6/25.
- Jason Oman's Security and Emergency Specialist position at District Office will be ending 6/4/25.
- Rebecca Thompson's Long Term Substitute position at Stevenson Elementary will be ending 6/6/25.

Individual Contract Non-Renewals:

- Nichole Krier, Special Education Coordinator, District Office, effective 6/30/25.
- Alma Lora, E&I Specialist, District Office, effective
- Sarah Huffman, MYP IB Coordinator, District Office, effective 6/30/25
- Haydee Segovia-Pope, Facilities Manager, District Office, effective 6/30/25
- Amethyst Stegbauer, Special Education Coordinator, District Office, effective 6/30/25.

Non-Licensed Reductions:

- Yajaira Morales, CE Classroom Assistant, Fridley Community Center, effective 6/5/25.

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- Bri Burghart, CE Classroom Assistant, Fridley Community Center, effective 6/5/25.

Individual Contract Reductions:

- Courtney Green, Equity and Inclusion Specialist, Fridley Community Center, effective 6/30/25.
- Sasha Herder, Program Manager, Fridley Community Center, effective 6/30/25.
- Justin Hennes, Senior Information Officer, District Office, effective 6/30/25.

LEASE - SPACEMAX OFFICES, LLC – Independent School District No. 13 & Independent School District 14 - 2025-2027

**4111 Central Avenue
South Building
Columbia Heights, Minnesota**

Lease Agreement

Between

**Independent School District No. 13
Columbia Heights
&
Independent School District 14
Fridley
(Collectively, Lessee)**

AND

**Space Max Offices, LLC
(Lesser)**

**Lease Agreement
Between
Space Max Offices, LLC- Landlord
And
INDEPENDENT SCHOOL DISTRICT No.13 & INDEPENDENT SCHOOL DISTRICT14. - Tenant**

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- Exhibit “A” Legal Description
- Exhibit “B” Schematic Plan for Leased Premises

LEASE - SPACEMAX OFFICES, LLC – Independent School District No. 13 & Independent School District 14 - 2025-2027

DATA SHEET

(1) 4111 Central Avenue, situated in the City of Columbia Heights, County of Anoka, State of Minnesota, and legally described in Exhibit “B” attached hereto.

(2) **PREMISES:** The Premises, ("Premises") is shown on Exhibit “B” attached hereto and designated as Suite 100. For the purpose of this Lease, the Premises shall be deemed to contain 7,247 rentable square feet. (See Article 1).

(3) **TERM:** Twenty Four (24) months

(4) **RENEW:** Three (3) months before lease ending date (on or before 3/1/2025), tenant shall decide in writing to renew the lease for next term.

(5) **ANNUAL GROSS RENT:**

Start Date	End Date	Rentable Sqft	Base Rent	Tax & Expenses	Total / SF	Rent / Month	Period
7/1/2025	6/30/2026	7,247	\$13.64	\$6.05	\$19.69	\$11,889.43	\$142,673.14
7/1/2026	6/30/2027	7,247	\$14.05	\$6.35	\$20.40	\$12,319.18	\$147,830.22

Annual Gross Rent is inclusive of all Operating Expenses, Cleaning, Maintenances and Real Estate Taxes etc. except improvements.

(6) **SECURITY DEPOSIT: \$0.**

(7) **RENTAL ADDRESS:** All rentals and other payments that become due hereunder shall be payable to Landlord and sent to:

Space Max Offices LLC
P. O. Box 689
Lakeville, MN 55044

Or at such other places as Landlord may designate in writing. Each reference in the Lease to any of the data contained in this Data Sheet shall be construed to incorporate the data stated under that title.

OFFICE LEASE AGREEMENT

**4111 Central Avenue
Columbia Heights, Minnesota**

Landlord - Space Max Offices LLC
4111 Central Ave NE, South Building, #208
Columbia Heights, MN 55421

Tenant – INDEPENDENT SCHOOL DISTRICT No.13, Columbia Heights
1440 49th Ave NE,
Columbia Heights, MN 55421

INDEPENDENT SCHOOL DISTRICT 14, Fridley
600 West Moore Lake Drive,
Fridley, MN 55432

**I.
LEASED PREMISES**

1. **LEASED PREMISES.** As described in Exhibit "B," the Leased Premises to be occupied by the Tenant on the first (1st) floor of the building. Rentable area will include all the space within the demising walls (measured from the midpoint of the demising walls, and, in the case of the exterior walls, measured from the inside surface of the outer glass). Setback for entry doorway purposes will be construed to be within the demising walls and included as rentable area. No deductions from rentable areas will be made for columns and projections necessary to the building. In addition, rentable areas shall include an allocated amount of common area space (e.g., the lobby, hallways, bathrooms and all other areas except flues, vents, stacks, pipe shafts and vertical ducts.) Such allocation shall be based on the ratio between the space occupied by the Tenant and the total space available for tenants within the building.
2. **IMPROVEMENTS.** Tenant will occupy the space in 'as-is' condition.
3. **COMMENCEMENT DATE.** The commencement date in this lease shall be July 1st, 2025.
4. **OCCUPANCY DATE.** Tenant shall have the right to occupy the Premise before the Commencement Date upon lease execution. (N/A -- Already moved in)
5. **PARKING.** Landlord agrees to provide access to the building's parking lot for Tenant's employees, invitees and visitors. Parking will be subject to Landlord's rules in effect from time to time.
6. **HVAC**
Landlord will continue on subscriptions to professional HVAC contract services to maintain a reliable HVAC system.

**II.
TERM AND USE**

1. **TERM.** The term of this Lease Agreement shall be for a period of twenty four (24) months, commencing at 12:01 a.m. local time on the Commencement Date (as established in Article I, Section 3) and ending June 30th, 2027, twenty four (24) months following the Commencement Date. Should the term of this Lease Agreement commence on a date other than that specified in this Section, Landlord and Tenant will, at the request of either, execute a declaration specifying such other actual Commencement Date of the term of this Lease Agreement. In such event, rental under this Lease Agreement shall not commence until said revised Commencement Date, and the stated term in this Lease Agreement shall thereupon commence and the expiration date shall be extended so as to give effect to the full stated term.

2. **AUTHORIZED USE.** The Leased Premises are to be occupied by Tenant solely for the purpose of General Office Use (Adult Education School). Tenant shall not use, or permit the Leased Premises to be used, for any other purpose whatsoever, without prior written consent of the Landlord. Said consent shall not be unreasonably withheld.

3. **HOURS OF OPERATION.** Tenant will operate during normal business hours between 7:30 am and 9:00 pm Monday through Friday, and sometimes in the weekends.

**III.
RENT**

1. **GROSS RENT.** Tenant hereby agrees to pay rental payments according to the schedule set forth in paragraph 5 of the Data Sheet.

The "Monthly Gross Rent" as shown in the above data sheet is payable on the first day of each and every month, in advance, during each said lease term. If said rent is received after the FIFTH (5th) day of the month, a 5% late service fee of the balance owing will be assessed without exception.

2. **OPERATING COSTS & REAL ESTATE TAXES.**

(See Data Sheet. The Gross Rent already includes the expenses and real estate taxes. Here below are for information only.)

Monthly Gross Rent, as shown on the above data sheet, includes Tenant's pro rata share of Operating Expenses and Real Estate Taxes, which is estimated as eight and eighty-four percent (40.14% of the total building expense) of the building for the Premises, of the building operating expenses as may be necessary and reasonable, as estimated from time to time by Landlord, in operating, managing, equipping, policing and protecting, lighting, repairing, replacing non-capital improvement items, and maintaining the building. The term "Operating Expenses," is used herein, shall mean all expenses and costs (but not specific costs which are separately billed to and paid by specific tenants, and not depreciation expenses or expenses arising from the amortization of any principal or interest payments on Landlord's mortgage debt against the Premises, or payment of income taxes by Landlord to be necessary to the building), including the following:

LEASE - SPACEMAX OFFICES, LLC – Independent School District No. 13 & Independent School District 14 - 2025-2027

- (a) Employee Expenses. Wages, salaries, and related expenses of all employees directly engaged in the operation, maintenance and security of the building.
- (b) Supplies and Materials. All supplies and materials used in the operation and maintenance of the building.
- (c) Utilities. Cost of utilities, including water and sewer, heating, cooling, electricity and gas for the building.
- (d) Management and Maintenance Agreement. Third party management costs, maintenance and service agreements for the building and the equipment therein, including building alarm system(s), window cleaning, janitorial services, rubbish removal and grounds maintenance, lighting, or other services reasonably deemed necessary for the general benefit of the Tenants in the building.
- (e) Insurance. Cost of all insurance, including, but not limited to, fire, casualty, liability, and business income insurance applicable to the building and Landlord's personal property used in connection therein.
- (f) Repairs, Replacements, and General Maintenance; costs of repairs, replacements of non-capital items and general maintenance (excluding repairs and general maintenance paid by proceeds of insurance or by Tenant or other third parties, and alterations attributable solely to tenants of the building other than Tenant).
- (g) Common Area Maintenance. Any and all common area maintenance costs related to public areas of the building, including sidewalks, the lobby, the parking lot, landscaping, and service areas.
- (h) Real Estate Taxes. All real estate taxes assessed against the Premises. Real estate taxes for any calendar year shall be deemed to be the taxes due and payable in the respective calendar years, even though the levy or assessment thereof may be for a different calendar or fiscal year, and shall include general real estate taxes, special assessments and any other taxes that may be imposed in lieu of, or partially in lieu of, general real estate taxes. Any special assessments levied before lease execution are specifically excluded.
- (i) Other Taxes. All other taxes, service payments in lieu of taxes, excise, levies, fees, or charges, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind which are assessed, levied, charged, confirmed, or imposed by any public authority upon the building, its operations or the rent provided for in this Lease Agreement.
- (j) Conservation. Tenant agrees to use their best efforts to conserve energy, which includes: turning off lights and equipment, adjusting the building thermostat, and closing window coverings.

3. **SECURITY DEPOSIT.**
No Deposit Required.

4. **OPTION TO RENEW.**

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Each renewal will be based on market conditions and building expenses in property tax, utilities and maintenance costs. Third party realty professionals' opinions can be used as a reference if no agreement is reached between Landlord and Tenant. Each renewal agreement has to be started 120 days before lease period ends and completed 60 days before lease period ends.

**IV.
LANDLORD'S COVENANTS**

Landlord covenants and agrees with Tenant:

1. **UTILITIES.** To cause public utilities to furnish any gas, electricity and water utilized in operating any and all facilities serving the Leased Premises, and including the Leased Premises.
2. **SERVICES.** To furnish Tenant during Tenant's occupancy of the Leased Premises:
 - (a) **Heat and Air-Conditioning.** Heat and air-conditioning to provide a temperature condition required for comfortable occupancy of the Leased Premises and the common areas of the building during Tenant's normal business hours during such seasons of the year when such services are normally and usually furnished in commercial buildings in the region. Landlord will make every reasonable effort to manage the HVAC System so that temperatures will not exceed 76 degrees or be lower than 67 degrees during normal business hours, which shall be defined as Monday through Friday, from 7:00 am - 9:00 pm. If HVAC breaks down during an extreme weather period and the building air condition becomes continuously un-operable for more than 72 working hours, the landlord will consider refunding the tenant \$400 per day for rent for a maximum 20 days. If the equipment breaks down due to disaster, the tenant's business loss is covered by tenant's insurance and landlord's casualty insurance (see paragraph 7 below).
 - (b) **Water.** Hot and cold water to the common areas of the building, for the use by all tenants of the building and at such temperatures and in such amounts as are considered to be standard.
 - (c) **Lighting - lamps, bulb starters, and ballasts** used in the Leased Premises shall be paid by the Landlord.
 - (d) **Bulb Replacement - all fluorescent bulb replacement and all incandescent bulb replacement** in public areas, public toilets and restroom areas and public stairways serving the Leased Premises.

Failure by Landlord to any extent to furnish the above-described services, or any cessation thereof, resulting from causes beyond the reasonable control of Landlord, shall not render Landlord liable in any respect for damages to either person or property, not be construed as an eviction of Tenant, nor work in abatement of rent, nor relieve Tenant from fulfillment of any covenant or agreement hereof. The foregoing notwithstanding, should any of the equipment or machinery breakdown, or for any reason cease to function properly, Tenant shall have no claim for rebate of rent or damages on account of interruption in services occasioned thereby or resulting therefrom; provided, however, Landlord agrees to use its best efforts to promptly repair said equipment or machinery and to restore said services.

In the event Tenant desires any of the aforementioned services in amounts in excess of those deemed by Tenant to be building Standard (which shall be identified by Landlord in writing as exceeding the building Standard), and in the event Landlord elects to provide such additional services, Tenant shall pay to Landlord, as additional rent hereunder, the cost of providing such additional quantities.

3. **KEYS.** To furnish Tenant with a sufficient number of initial keys for each entry and corridor door

entering the Leased Premises as Tenant may reasonably require. Thereafter, additional keys will be furnished by Landlord to Tenant at a charge by Landlord on an order signed by Tenant. All keys shall remain the property of the Landlord. No additional locks shall be allowed on any door of the Leased Premises without Landlord's written permission, and Tenant shall not make, or permit to be made, any duplicate keys, except those furnished by Landlord. Upon termination of this Lease Agreement, Tenant shall surrender to the Landlord all keys to the Leased Premises.

4. **SIGNAGE AND GRAPHICS.** Tenant shall have the opportunity to install signage on the building and monument. See Section 7(a) of Article V, and the “Additional Terms” portion of this Lease for additional information.

5. **REPAIRS BY LANDLORD.** To make only such improvements, or repairs, or replacements, as may be required for normal maintenance, which shall include the repairs to walls, floors, corridors, windows and other structures and equipment within and serving the Leased Premises and such additional maintenance as may be necessary because of damage by persons other than the Tenant, its agents, employees, invitees, or visitors. The obligations of the Landlord to maintain and repair the Leased Premises shall be limited to building Standard Items. Any leasehold improvements made by Tenant will, at Tenant's written request, be maintained by Landlord at Tenant's expense.

6. **QUIET ENJOYMENT.** To allow Tenant to peacefully have, hold and enjoy the Leased Premises, subject to the other terms hereof, provided that Tenant pays the rental herein recited and performs all of the Tenant's covenants and agreements herein contained. It is understood and agreed that this covenant and any and all other covenants of the Landlord contained in this Lease Agreement shall be binding upon Landlord and its successor only with respect to breaches occurring during its and their respective ownerships of the Landlord's interest hereunder, provided, however, that while the building undergoes any renovation or construction, Tenant may experience interruptions from time to time of the provision and use of certain services and facilities herein above described. Landlord shall use its best efforts to keep any such interruptions of building services and facilities to a minimum.

7. **CASUALTY INSURANCE.** To maintain and keep in force a policy or policies of insurance with the premiums thereon fully paid in advance, issued by and binding upon an insurance company selected by Landlord, insuring the building against loss or damage by fire, or other insurable hazards and contingencies for the full insurable value thereof, or, in the alternative, co-insuring for 80% of the replacement costs thereof, provided that Landlord shall not be obligated to insure any furniture, equipment, machinery, goods or supplies not covered by this Lease Agreement which Tenant may bring or obtain upon the Leased Premises, or any additional improvement which Tenant may construct thereon. If the annual premiums charged Landlord for such casualty insurance exceed the standard premium rates because Tenant's operations result in extra-hazardous exposure, then Tenant shall, upon receipt of appropriate premium invoices, reimburse Landlord for such increases in such premium.

8. **LANDLORD'S LIABILITY INSURANCE.** To maintain a policy or policies of comprehensive general liability insurance with premiums thereon fully paid on or before the due date, issued by and binding upon an insurance company selected by Landlord, such insurance to afford protection of no less than Two Million Dollars (\$2,000,000) combined single limit, for injuries to persons, including death, and for damage to the property including loss of use thereof.

**V.
TENANT'S COVENANTS**

Tenant covenants and agrees with Landlord:

1. **PAYMENTS BY TENANT.** To pay all rent and sums provided to be paid to Landlord hereunder at the times and in the manner herein provided.
2. **UTILITIES.** To pay for all telephone service supplied to the Leased Premises.
3. **JANITORIAL SERVICE.** Landlord provides daily janitorial services
4. **WINDOW COVERINGS.** Landlord provide interior window coverings based on Tenant specs.
5. **REPAIRS BY TENANT.** At the Tenant's own cost and expense, to repair or replace any damage or injury done to the building, or any part thereof, caused by Tenant or Tenant's agents, employees, invitees or visitors; provided, however, if Tenant fails to make such repairs or replacements promptly, Landlord may, at its option, make such repairs or replacements, and Tenant shall repay the cost thereof to the Landlord on demand, except for normal wear and tear.
6. **CARE OF THE LEASED PREMISES.** Not to commit or allow any waste or damage to be committed on any portion of the Leased Premises, and at the termination of this Lease Agreement, by lapse of time or otherwise, to deliver up said Leased Premises to Landlord in as good condition as the Leased Premises existed at the date of possession by Tenant, ordinary wear and tear excepted. Upon such termination of this Lease Agreement, Landlord shall have the right to re-enter and resume possession of the Leased Premises.
7. **ASSIGNMENT OR SUBLEASE.** Tenant may not, voluntarily or by operation of law, assign or transfer this Lease, or sublease the whole or any part of the Leased Premises, without the written consent of the Landlord, whose consent shall not be unreasonably withheld.

Any assignment made by Tenant pursuant to this Section 6 shall not become effective until the assignee, in writing, shall assume this Lease and agree to perform and be bound by all of the obligations of Tenant accruing under this Lease Agreement from and after the date of such assignment. In no event shall any assignment by Tenant of this Lease Agreement operate to release Tenant, or any guarantor of Tenant, of its obligation for performance under this Lease Agreement. The Landlord's right to assign this Lease Agreement is, and shall remain, absolute and unqualified. In the event of the sale of the Leased Premises, Landlord shall be, and hereby is, relieved of all of the covenants and obligations created hereby, and such sale shall result automatically in the purchaser assuming and agreeing to carry out all of the covenants and obligations of Landlord herein.

8. **ALTERATIONS, ADDITIONS, IMPROVEMENTS.** Not to permit the Leased Premises to be used for any purpose other than that stated in the Use clause hereof, or to make, or allow to be made, any alterations, additions or improvements in or to the Leased Premises, or any part thereof, without first obtaining the written consent of the Landlord (which will not be unreasonably withheld), excepting minor

cosmetic or decorating changes if no damage is done to the Leased Premises as a result of such changes (which may be made without the prior consent of the Landlord). Any and all such alterations, additions or improvements made to or in the Leased Premises, including, but not limited to, wall paneling, paneling and built-in cabinet work, but except moveable furniture and trade fixtures, shall at once become part of the realty and belong to the Landlord and shall be surrendered with the Leased Premises. In the event the Landlord consents to making of any alterations, additions or improvements to the Leased Premises by Tenant, the same shall be made by Tenant with cost and expense to be agreed upon in writing between Tenant and Landlord in advance. Upon the expiration or sooner termination of the term thereof, Tenant shall, upon written demand by Landlord, be given at least thirty (30) days prior to the end of the term, at Tenant's sole cost and expense, forthwith and with all due diligence, to remove any alterations, additions or improvements made by Tenant, originally so designated by Landlord to be removed, and Tenant shall, forthwith and with all due diligence, at its sole cost and expense, repair any damage to the Leased Premises caused by such removal.

(a) Signs. Excepting the signage referred to in the "Additional Terms" section of this lease, Tenant shall not erect, display or affix any sign, shade, awning, fence, antenna, or any device or structure whatsoever, upon or above the exterior of the Leased Premises or upon the building in which the Leased Premises are situated, nor upon the exterior walls or roof thereof, without, in each instance, first obtaining the written consent of Landlord. Tenant shall remove such signs upon the termination of this Lease or any renewal thereof and shall restore any damage to the Premises caused thereby. Any sign erected by Tenant shall conform to any and all governmental rules, regulations, ordinances and laws with respect to the same, and shall not be distasteful, defacing, and unfit or affect the structural strength of said improvements.

(b) Other. Without the prior written consent of Landlord, Tenant shall not mark, paint, drill, deface, injure, waste, damage or alter the exterior of the Leased Premises; conduct business so as to constitute a nuisance to other tenants or occupants; burn trash or garbage; display merchandise on or about the common area of the premises or other tenants or occupants; overload any floor or facility; make any structural alterations except as provided in this Lease Agreement; throw foreign substances in the plumbing facilities or use the same for any purpose other than that for which they were constructed.

9. **LEGAL USE AND VIOLATIONS OF INSURANCE COVERAGE.** Not to occupy, use or permit any portion of the Leased Premises to be occupied or used for any business or purpose which is unlawful, improper, disreputable or deemed to be extra-hazardous, or permit anything to be done which would in any way increase the rate of fire insurance coverage or other insurance on the building and/or its contents. Tenant shall not do or permit anything to be done in or about the Leased Premises which would in any way obstruct or interfere with the rights of other tenants or occupants of the building. Tenant agrees specifically that no food, soft drink or other vending machines will be installed within the Leased Premises without the consent of the Landlord.

10. **LAWS AND REGULATIONS AND RULES.** To comply with all laws, ordinances, orders, rules and regulations (state, federal, municipal, or promulgated by other agencies or bodies having any jurisdiction thereof) relating to the use, condition or occupancy of the Leased Premises (exclusive of compliance with laws, ordinances, orders, rules or regulations relating to capital improvements to the building, which shall be the responsibility of the Landlord except as otherwise expressly provided in this Lease Agreement).

11. **ENTRY FOR REPAIRS AND INSPECTION.** To permit Landlord or its agents or representatives to enter into and upon any part of the Leased Premises at all reasonable hours to inspect same, clean, make repairs, alterations and additions thereto or exhibit the Leased Premises to prospective tenants, purchasers or others, or for other reasonable purposes as Landlord may deem necessary or desirable, and Tenant shall not be entitled to any abatement or reduction of rent, or any other sums due and Tenant waives any claim for damages or for any injury or inconvenience or for interference with Tenant's business, and any other loss occasioned thereby. Landlord shall make every effort to notify Tenant in advance of such entry and to keep any disruption to a minimum. Said entry will occur during non-business hours whenever possible.

12. **NUISANCE.** To conduct its business and control its agents, employees, invitees and visitors in such a manner as not to create any nuisance, or interfere with, annoy or disturb any other tenant of Landlord in its operation of the building.

13. **SUBORDINATION.** This Lease, including the covenant of quiet enjoyment, is subject and subordinate to all ground or underlying Leases now or hereafter entered into and to all present mortgages affecting the real estate on which the building is located or the building, to all renewals and extensions thereof, and to any mortgage or deed of trust which may hereafter be executed affecting the real estate upon which the building is located or the building. The Tenant hereby agrees to execute, if the same is required or requested, any and all instruments in writing to subordinate the Tenant's rights acquired by this Lease to the lien of any such mortgage, lease, or deed of trust. Notwithstanding the foregoing, the Tenant agrees to attorn to any purchaser at foreclosure sale, to any grantee or transferee designated to any deed given in lieu of foreclosure, or to any mortgage in possession, provided that the Lease shall thereafter continue in full force and effect.

14. **TENANT'S LIABILITY INSURANCE.** To obtain at Tenant's expense and keep in force during the term of this Lease a policy of comprehensive general liability insurance. Such insurance to afford protection of not less than \$1,000,000 combined single limit.

If the Tenant shall fail to procure and maintain such insurance, Landlord may, but shall not be required to, procure and maintain the same, but at the expense of the Tenant, which expense shall become additional rent hereunder. Tenant shall deliver to Landlord, prior to occupancy, copies of policies of liability insurance required herein or certificates evidencing the existence and amounts of such insurance. Tenant may use blanket insurance coverage to satisfy the requirement.

15. **TENANT'S PROPERTY.** Tenant shall not have any claim against Landlord for damage to Tenant's property stored at the Leased Premises, which occurs as a result of a fire, explosion, falling plaster, steam, gas, electricity, water, or rain which may leak for any reason from any part of the building or from the pipes, appliances, or plumbing works therein or from the roof, street, or sub-surface or from any other place, unless such damage is due to the intentionally tortious conduct or negligence of the Landlord, its agents, servants, or employees.

16. **ESTOPPEL CERTIFICATE OR THREE-PARTY AGREEMENT.** To execute either an estoppel certificate addressed to any mortgagee of Landlord or three-party agreement among Landlord, Tenant and such mortgagee(s) certifying as to such facts (if true) and agreeing to such notice, provisions and

other matters as such mortgagee(s) may require in connection with Landlord's financing.

17. **HOLD HARMLESS AGREEMENT.** To the extent allowed by law, the Tenant shall indemnify and hold the Landlord harmless from any and all claims, demands, and damages arising from the negligence of the Tenant, or any officer, agent, employee, guest, invitee of the Tenant, and from all costs, attorney's fees, expenses, and liabilities incurred with respect to any such claim or action. The Tenant hereby assumes all risk of damage to property or injury to persons in, upon, or about the Demised Premises, from any cause other than the intentionally tortious or negligent acts of the Landlord, and the Tenant hereby waives all claims in respect thereof against Landlord.

Neither the Landlord nor its agents, contractors, or subcontractors shall be liable for any damage or loss by theft to property entrusted to employees of the building with the landlord's consent or otherwise, nor for any injury to or damage to persons or property resulting in fire, explosion, falling plaster, steam, gas, electricity, water, or rain which may leak for any reason from any part of the building or from the pipes, appliances, or plumbing works therein or from the roof, street, or sub-surface or from any other place unless due to the intentionally tortious conduct or negligence of the Landlord, its agents, servants, or employees. The Landlord shall not in any event be liable for loss of business of the Tenant or for salaries paid to the Tenant's employees, agents, or contractors, nor for any latent defect in the Demised Premises or in the building. The Tenant shall give prompt notice to the Landlord in case of theft, fire, or accidents in the Demised Premises or in the building or of defects therein or in the fixtures or equipment.

VI. MUTUAL COVENANTS

Landlord and Tenant mutually covenant and agree as follows:

1. **CONDEMNATION AND LOSS OR DAMAGE.** If the Leased Premises shall be taken or condemned for any public purpose to such an extent as to render the Leased Premises untenable, this Lease Agreement shall, at the option of either party, forthwith cease and terminate. All proceeds from any taking or condemnation of the Leased Premises shall belong to and be paid to Landlord, and Tenant shall have no claim against Landlord for the value of any unexpired term of this Lease.

2. **HOLDING OVER.** In the event of holding over by Tenant after expiration or termination of this Lease Agreement without the written consent of Landlord, Tenant shall pay, as liquidated damages, One Hundred Fifty Percent (150%) the base rent which Tenant was obligated to pay for the month immediately preceding the end of the term of this Lease Agreement for each month or any part thereof of any such holdover period. No holding over by Tenant after the term of this Lease Agreement shall operate to extend the lease term. In the event of any unauthorized holding over, Tenant shall indemnify Landlord against all claims for damages by any other tenant to whom Landlord may have leased all or any part of the Leased Premises covered hereby effective upon the termination of the Leased Agreement. Any holding over with the consent of Landlord in writing shall thereafter constitute this Lease Agreement a lease from month to month.

3. **FIRE DAMAGES.** In case said premises shall become untenable or unfit for occupancy in whole or in part by the total or partial destruction of said building by fire or other casualty and said Landlord shall

fail or refuse within sixty (60) days thereafter to agree in writing to restore the same within ninety (90) days, this Lease may be terminated by either Landlord or Tenant with notice in writing; and in case said Landlord shall agree in writing to restore the same within said time, the rent to be paid hereunder pending such restoration shall be abated in proportion to the loss and impairment of the use of said premises.

4. **ATTORNEY'S FEES.** In the event either party places the enforcement of this Lease Agreement, or any part hereof, or the collection of any rent due, or to become due hereunder, or recovery or possession of the Leased Premises, in the hands of an attorney, or files suit upon the same, the non-prevailing party shall pay the other party's reasonable attorney fees and court costs.

5. **TENANT'S DEFAULT.** The occurrence of any one or more of the following events shall constitute a default and breach of this Lease Agreement by Tenant:

(a) **Vacating or Abandoning.** The vacating or abandoning of the Leased Premises by Tenant by more than sixty (60) days prior to the expiration of the term hereof, without meeting Tenant's payment obligations to Landlord.

(b) **Failure to Make Payments.** The failure by Tenant to make any payment of rent or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of five (5) days after written notice thereof by Landlord to Tenant.

(c) **Failure to Observe or Perform.** The failure by Tenant to observe or perform any of the covenants, conditions, or provisions of this Lease Agreement to be observed or performed by Tenant, other than described in Article VI, Section 5, Paragraph (b) above, where such failure shall continue for a period of thirty (30) days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

(d) **Financial Impairment.** The filing by or against Tenant of a petition to have Tenant adjudged bankrupt, a petition or a reorganization arrangement under any law relating to bankruptcy (unless, in the case of petition filed against Tenant, the same is dismissed within sixty (60) days); or the appointment of a trustee or a receiver to take possession of substantially all of Tenant's assets located at the Leased Premises or of Tenant's interest in this Lease Agreement, where such seizure is not discharged within thirty (30) days.

6. **REMEDIES IN DEFAULT.** In the event of any such default or breach by Tenant, Landlord may at any time thereafter, in its sole discretion, with notice or demand and without limiting Landlord in the exercise of a right or remedy which Landlord may have by reason of such default or breach:

(a) **Termination of Tenant's Right to Possession.** Terminate Tenant's right to possession of the Leased Premises by any lawful means, in which case this Lease Agreement shall terminate and Tenant shall surrender possession of the Leased Premises to Landlord. In such event, Landlord shall be entitled to recover from Tenant all such damages incurred by Landlord by reason of Tenant's default including, but not limited to, the cost of recovering possession of the Leased Premises; expenses of re-letting; and

reasonable attorney fees; Unpaid installments of the rent or other sums shall bear interest from the date due at the maximum rate permitted by law.

(b) **Maintenance of Tenant's Right to Possession.** Maintain Tenant's right to possession, in which case this Lease Agreement shall continue in effect whether or not Tenant shall have abandoned the Leased Premises. In such event Landlord shall be entitled to enforce all of Landlord's right and remedies under this Lease Agreement, including the right to recover the rent and any other charges and adjustments as may become due hereunder. Landlord will exercise its duty to mitigate losses by actively seeking other tenants.

(c) **Other Remedies.** Pursue any other remedies now or hereafter available to Landlord or Tenant under the laws or judicial decisions of the State of Minnesota.

(d) **Waiver.** Failure of Landlord to declare any default immediately upon occurrence thereof, or delay in taking any action in connection therewith, shall not waive such default, but Landlord shall have the right to declare any such default at any time thereafter.

7. **AMENDMENTS.** This Lease Agreement may not be altered, changed or amended, except by an instrument in writing, signed by both parties hereto.

8. **ASSIGNMENTS.** Landlord shall have the right to transfer and assign, in whole or in part, all its rights and obligations under this Lease Agreement and in the building and property referred to herein, and in such event and upon its transferee's assumption of Landlord's obligations hereunder, no further liability or obligations shall thereafter accrue against Landlord hereunder, providing that, at time of transfer, Landlord has met all of its obligations herein.

9. **SEVERABILITY.** If any term or provision of this Lease Agreement or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease Agreement, or the application of such provisions to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease Agreement shall be valid and shall be enforceable to the extent permitted by law.

10. **NOTICES.** All notices or demands which may or are to be required or permitted to be given by either party to the other hereunder shall be in writing. All notices and demands by the Landlord to the Tenant shall be sent by United States mail, postage prepaid, addressed to the Tenant at the Leased Premises, and to the address specified in this Lease Agreement, or to such other place as Tenant may from time to time designate in a notice to the Landlord. All notices and demands to the Landlord shall be sent by United States mail, postage prepaid, addressed to the Landlord at the address set forth herein, and to such other person or place as the Landlord may from time to time designate in a notice to the Tenant.

11. **BINDING EFFECT.** This Lease Agreement shall be binding upon and inure to the benefit of the Landlord, its successors and assigns, and shall be binding upon and inure to the benefit of Tenant, its successors, and, to the extent assignment may be approved by Landlord hereunder, Tenant's assigns. All rights and remedies of Landlord and Tenant under this lease Agreement are declared to be a Minnesota contract, and all of the terms hereof shall be construed according to the laws of the State of

Minnesota.

12. **WAIVER OF SUBROGATION.** Landlord and Tenant hereby release each other from, and covenant that neither shall be liable to the other, the other's insurance carrier or carriers, or anyone claiming under or through the other, for all liability for loss or damage whatsoever occasioned to property owned by said parties which is caused by, or might be incident to, or may be the result of, fire, or any other casualty against loss for which either party is covered by fire, extended coverage, or other insurance policies, to the extent of such coverage, regardless of the cause of, or origin of, such loss or damage, specifically including the negligence of the other party, the other's agents, employees, invitees, or guests. Provided, however, that this Waiver of Subrogation shall not be applied, not bar recovery, by either party hereto from its own insurance carrier or carriers of any benefits which would otherwise be payable under any such policy of insurance.

13. **SUBSTITUTION.** ~~Landlord reserves the right, on thirty (30) days written notice to Tenant, to substitute other premises within the Building for the Leased Premises. The substituted premises shall contain substantially the same square footage as the Leased Premises, shall contain comparable improvements and the base rent shall not exceed the base rent specified above. Landlord shall pay all reasonable costs of relocating Tenant to substitute space.~~

VII. GENERAL PROVISIONS

1. **HEADINGS AND CAPTIONS.** The Article, Section and Paragraph titles herein are for convenience only, and do not define, limit or construe the contents of such Articles, Sections, or Paragraphs.

2. **EXECUTION AND COPIES.** This Lease Agreement shall not be binding upon the parties hereto until duly executed by an authorized person or persons on behalf of both parties and delivered to the other party. This Lease Agreement may be executed in multiple counterparts, each of which shall be deemed an original; and it shall be necessary, in making proof of this Lease Agreement, to produce or account for more than one such counterpart.

3. **TENANT DEFINED, USE OF PRONOUN.** The word, "Tenant", shall be deemed and taken to mean each and every person or party mentioned as a tenant herein, be the same one or more; and if there shall be more than one tenant, any notice required or permitted by the terms of this Lease Agreement may be given by or to any one thereof. The use of the neuter singular pronoun to refer to Landlord or Tenant shall be deemed a proper and necessary grammatical change, required to make the provisions thereof apply in the plural sense where there is more than one Landlord or Tenant to either corporations, associations, partnerships, or individuals, males or females, shall in all instances be assumed as though in each case fully expressed.

4. **PAYMENT OF RENT**

Said monthly installments to be due and payable by Tenant in advance of the first day of each calendar month during the Term of this Lease Agreement, or any extension or renewal thereof, without prior demand and without any

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abatement, deduction or set off whatsoever except as provided in the Lease, at the office of the Landlord at:

SpaceMax Offices, LLC
P. O. Box 689
Lakeville, MN 55044

IN WITNESS WHEREOF, the parties hereto have executed this Lease the day and year first above written.

LANDLORD:

Space Max Offices, LLC

By: _____

Its: _____

Date: _____

TENANT:

INDEPENDENT SCHOOL DISTRICT No.13

By: _____

Its: _____

Date: _____

TENANT:

INDEPENDENT SCHOOL DISTRICT 14

By: _____

Its: _____

Date: _____

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Exhibit "A"

Legal Description

THAT PRT OF W 86 FT OF LOT 15 BLK 4 RESERVOIR HILLS LYG SLY OF ELY EXT OF N LINE OF LOT 21 SD BLK 4 RESERVOIR HILLS TOG/W LOTS 21, 22, 23, 24, 25, & 26 EX THE S 20 FT OF SD LOT 26 BLK 4 RESERVOIR HILLS TOG/W THE W1/2 OF LOT 31 BLK 4 RESERVOIR HILLS LYG NLY OF ELY EXT OF N LINE OF SD S 20 FT OF LOT 26 TOG/W THE W 15 FT OF E1/2 OF SD LOT 31 EX THE S 163.5 FT THEREOF TOG/W THE N 60 FT OF S 223. 5 FT OF E 15 FT OF W 30 FT OF E1/2 OF SD LOT 31 BLK 4 RESERVOIR HILLS SUBJ TO EASE OF RECORD

Anoka County Property I.D.

36-30-24-23-0149

EXHIBIT "B"

Schematic Plan for Leased Premises

