

BOARD AGENDA

INDEPENDENT SCHOOL DISTRICT 191

Burnsville High School Senior Campus
Diamondhead Education Center
Regular Meeting
March 12, 2015
6:30 PM

(6:00 PM Board Listening Session with Dr. Currier and Director Alt)

I. Call to Order

- A. Welcome Public
- B. Pledge of Allegiance

II. Business Meeting

- A. Approval of Agenda
- B. Consent Agenda

Although Board action is required, it is generally unnecessary to hold discussion on these items. In the event a Board member wishes to discuss an item, that item will be moved for separate consideration.

- 1. Minutes of the Feb. 26, 2015 Regular Board Meeting; March 5, 2015 Special Board Meeting; and March 6, 2015 Board Retreat 3
- 2. Human Resources 7
- 3. Donations 9
- 4. Second Reading of Board Policies 601, 603, 612.1 and 616 11
- 5. Approve a Field Trip Request for Burnsville High School Travel Club Students to Travel to Peru June 13-23, 2016 26
- 6. Approve a Field Trip Request for Burnsville High School Students to Travel to Costa Rica from July 23-August 1, 2015 27

III. New Business

- A. Receive a Report on Minnesota Student Survey Data 28
Presenter: Cindy Amoroso, Assistant Superintendent and Dawn Willson, Director of Health Services
Time: 10 Minutes
- B. Approve Agreement between ISD 191 and Construction Manager, Wenck Construction, Inc. 43
Presenter: Lisa Rider, Executive Director of Business Services
Time: 10 Minutes
- C. Award Bids for William Byrne Alternative Facilities Bituminous Project 65
Presenter: Lisa Rider, Executive Director of Business Services
Time: 10 Minutes
- D. Award Bids for Rahn and Eagle Ridge Junior High Alternative Facilities Roofing Project 69
Presenter: Lisa Rider, Executive Director of Business Services
Time: 10 Minutes
- E. Adopt a Resolution Providing for the Sale of General Obligation School 73

Building Bonds, Series 2015A

Presenter: Lisa Rider, Executive Director of Business Services

Time: 10 Minutes

IV. Reports

A. Student Representative

B. Superintendent

C. Board Members

V. Adjourn to Board Workshop

A. Refunding Review and Q&A with Ehlers, Joel Sutter

Presenter: Lisa Rider, Executive Director of Business Services and Joel Sutter from Ehlers

B. Health Insurance Update

Presenter: Lisa Rider, Executive Director of Business Services and Stacey Sovine, Executive Director of Human Resources

C. FY 16 Budget Discussion

Presenter: Lisa Rider, Executive Director of Business Services

School Board Minutes
 INDEPENDENT SCHOOL DISTRICT 191
 February 26, 2015

The meeting of the Board of Education was called to order by Vice Chair Luth at 6:30 p.m. at the Burnsville High School Senior Campus in the Diamondhead Education Center.

Call to Order

Directors Luth, Currier, Alt, Schmid, Sweep, and Hill were present. Chair VandenBoom was absent. Others in attendance were Superintendent Gothard, Student Representative Davidson, administrators, staff and members of the public.

Attendance

Luth welcomed the audience and asked Currier to lead the Pledge of Allegiance.

Pledge of Allegiance

Moved by Sweep, seconded by Schmid, to approve the agenda. Motion carried (6, 0).

Agenda

Moved by Alt, seconded by Sweep, to approve the consent agenda with item II.B.3 Donations being moved to new business:

Consent Agenda

- Minutes of the February 12, 2015 board meeting.
- Approve personnel recommendations for K. Durand, S. Kronbach, R. Mayne, R. Nygren, A. Mundy, A. Lutz, C. Schlichting, B. Wiley, R. Amadio, H. Anderson, S. Anderson, S. Zucollo, D. McDonald, J. Thornton, M. McGaha, R. Mueske, S. Koshenina, J. Young and T. Brown.
- Approve January payroll checks numbered 718001-718029, and Direct Deposit notices numbered 560239-563283, in the net amount of \$3,735,054.67. Jan & Feb claims to date represented by checks numbered 437495-438115, 1012155-1012411, 101-102, and 101022-101025 and wire transfers and adjustments totaling \$18,535,188.14. Also, that the Board accepts Jan receipts of \$13,292,190.11 and investments for the General Fund, 2012A Alt Facilities, and OPEB of \$43,597,280.53 as of January 31, 2015.
- Accept the Budget Analysis for the month ending January 31, 2015.
- Approve, on a second reading basis, Board Policy 526: *Hazing Prohibition* and rescind Policy JFCF.

Minutes
 Personnel

Payroll, deposits,
 receipts and
 investments

Budget Analysis

Policy 526

Motion carried (6, 0).

Moved by Currier, seconded by Hill to adopt the resolution to

Donations

approve and accept donations as presented. Motion carried with discussion (6, 0).

Luth read a message from Chair VandenBoom regarding the special election.

Report on One91

Received a report from Superintendent Joe Gothard on the unofficial results of the Vision One91 vote.

Moved by Hill, seconded by Schmid, to approve the [2014-2015] Revised Budget that has been brought forward tonight with the change in the general expenditure amounts from \$121,796,610 to a total of \$120,691,888. Motion carried after discussion (6, 0).

2014-2015
Revised Budget

Moved by Currier, seconded by Sweep, to approve the Agreement between the City of Burnsville and ISD 191 for the purpose of funding school liaison services effective January 1, 2015 for the 2014-15 school year with renewal for no more than three more years. Motion carried after discussion (6, 0).

Agreement with
City of Burnsville

Moved by Schmid, seconded by Alt, to approve, on a first reading basis, Board Policies 601: *School District Curriculum and Instruction Goals*; 603: *Curriculum Development*; 612.1: *Title I Family Involvement*; and 616: *School District Accountability* and rescinds Board Policies IF, KAA and IE. Motion carried after discussion (6, 0).

Policies 601,
603, 612.1 and
616

Received oral reports from Dr. Currier on behalf of the Policy Review Committee; Hill on behalf of the Student Performance and Achievement Committee; Luth on behalf of the Ad Hoc Technology Committee; Hill on behalf of the Legislative Committee; Alt on behalf of Meet and Confer and Foundation One91; and Schmid on behalf of the Negotiating Committee.

Committee
Reports

Luth gave an announcement from Chair VandenBoom regarding the Special Board meeting on March 5 at 7:00 a.m. to canvass the election.

Announcement

Moved by Alt, seconded by Sweep, to adjourn at 7:26 p.m. Motion carried (6, 0).

Adjourn

March 12, 2015

Dee Currier, Clerk

Date Approved

School Board Minutes
INDEPENDENT SCHOOL DISTRICT 191
March 5, 2015

The special meeting of the Board of Education was called to order by Chair VandenBoom at 7:00 a.m. at Administrative Services Center, 100 River Ridge Court, Burnsville, MN.

Call to Order

Members present: Directors Luth, Alt, Currier, Schmid, Sweep and Chair VandenBoom. Director Hill was absent. Dr. Gothard, administrators and staff were also present.

Attendance

VandenBoom asked Currier to lead the Pledge of Allegiance.

Pledge of
Allegiance
Agenda

Moved by Luth, seconded by Sweep, to approve the agenda. Motion carried (6, 0).

Moved by Schmid, seconded by Currier, to adopt the resolution canvassing the results of the February 24, 2015 special election. A roll call vote was taken. Motioned carried with discussion (6, 0 with Currier, Alt, Luth, VandenBoom, Schmid and Sweep voting in favor and none against).

Canvass results of
Feb. 24, 2015
Special Election

Moved by Alt, seconded by Schmid, to adjourn at 7:06 a.m.

Adjourn

March 12, 2015

DeeDee Currier, clerk

Date Approved

School Board Minutes
INDEPENDENT SCHOOL DISTRICT 191
March 6, 2015

The retreat of the Board of Education was called to order by Chair VandenBoom at 8:00 a.m. at Oak Ridge Hotel and Conference Center, 1 Oak Ridge Drive, Chaska, MN 55318.

Call to Order

Members present: Directors Luth, Alt, Currier, Schmid, Sweep, Hill and Chair VandenBoom.

Attendance

J. Gothard, J. Kenney, C. Amoroso, R. Dunn, K. Funston, D. A. Johnson, L. Rider, S. Sovine, S. Stanley, T. Umhoefer and D. Watkins were also present.

The purpose of the retreat was strategic planning.

Purpose

The retreat adjourned at 4:20 p.m.

Adjourn

March 12, 2015

DeeDee Currier, clerk

Date Approved

**Burnsville-Eagan-Savage Public Schools
Independent School District 191
Human Resources**

TO: Members, Board of Education
Joe Gothard, Superintendent

FROM: Stacey Sovine, Executive Director of Human Resources

DATE: March 12, 2015

RE: Recommended Personnel Changes

**Administrative
Resignation**

Delonna Darsow

-Director of Assessment POSA (currently on leave), effective 6/30/15

**Certified
Appointment**

Gary Busse

*Replacement-Long term substitute, Science, 1.0FTE, MJH, effective 3/2/15 - 6/5/15

Leave of Absence

Anna Abbe

*Teacher, MJH, requests a 1.0 FTE parental leave of absence, effective 4/17/15 - 6/5/15

Return from Leave

Shannon Jorgenson

-Teacher (currently on part time leave), requests to return to work 1.0 FTE, effective 2015/16 school year

**Classified
Appointment**

Linda Hilchey

*Replacement-EA Level 4, 26 hrs/wk, ECSE, effective 3/16/15

Heidi Knight

*Replacement-EA Level 4, 7 hrs/day, Secondary Cluster, effective 3/30/15

Nicole Scott

*Replacement-Food Service Associate, 3.5 hrs/day, MJH, effective 3/2/15

Change in Assignment

Alfred Jaryan

-Assignment changes to 25 hrs/week, BAHS, EA Level 3, effective 2015/16 school year

Melissa McClellan

*Assignment changes to Due Process Clerk, 8 hrs/day, BHS, effective 3/10/15

Resignation

Polly MacDonald

-SPED EA (currently on leave), effective 3/2/15

*added to original report
Burnsville-Eagan-Savage #191
Board Meeting – 03/12/2015

Return from Leave

Denise Peterson

-SPED EA (currently on extended leave), requests to return to work, effective 2015/16 school year

*added to original report
Burnsville-Eagan-Savage #191
Board Meeting – 03/12/2015



To: Members, Board of Education
From: Lisa K. Rider, Executive Director of Business Services
Date: March 5, 2015
Re: Donations

Agenda II.B.3
March 12, 2015

RECOMMENDATION: To adopt a resolution to approve and accept donations as presented.

RESOLUTION TO APPROVE AND ACCEPT DONATIONS

WHEREAS,

1. School Board Policy 706 establishes guidelines for the acceptance of gifts to the District; and
2. Minnesota Statute 123B.02 states the School Board may receive, for the benefit of the district, bequests, donations, or gifts for any proper purpose and apply the same to the purpose designated; and
3. 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; and
4. Businesses and individuals have submitted donations to the district;

THEREFORE, BE IT RESOLVED by the School Board of ISD 191 to approve and accept with appreciation the donations as presented below and to permit their use as designated by the donors.

Moved by: _____

Seconded by: _____

Members in favor of the motion:

Members opposed:

Whereupon said Resolution was declared duly passed and adopted on March 12, 2015.

Bob VandenBoom
Chair - Board of Education

DeeDee Currier
Clerk – Board of Education

Date Received	Donor	Recipient of donation	Purpose	Donation
3/5/2015	Lisa Mittelstaedt	Metcalf Junior High	Co-curricular donation	\$ 150.00
3/5/2015	Jeff & Heather Walberg	Metcalf Junior High	Co-Curricular Activities	\$ 34.99
2/27/2015	Ginny McEathron	BrainPower in a Backpack	BrainPower in a Backpack Food	\$ 150.00
3/3/2015	Anonymous	ISD 191	To purchase musical instruments for low-income students to be able to participate in orchestra.	\$ 8,000.00
2/25/2015	Wells Fargo Foundation	Harriet Bishop Elementary	To help support students and staff	\$ 130.00
2/19/2015	Thomson Reuters My Community Program	BrainPower in a Backpack	BrainPower in a Backpack Food	\$ 50.00
2/13/2015	Monica Dorow	BrainPower in a Backpack	BrainPower in a Backpack Food	\$ 144.00
2/19/2015	Kevin Ly	Harriet Bishop Elementary	To help support our students and staff	\$ 150.00

Total monetary contributions to accept: **\$8,808.99**



To: Board of Education, Members

Agenda II.B.4
March 12, 2015

From: Dr. Joe Gothard, Superintendent

Date: March 5, 2015

Re: Board Policies 601: *School District Curriculum and Instruction Goals*; 603: *Curriculum Development*; 612.1: *Title I Family Involvement*; and 616: *School District Accountability*

RECOMMENDATION: That the Board of Education approves, on a second reading basis, Board Policies 601: *School District Curriculum and Instruction Goals*; 603: *Curriculum Development*; 612.1: *Title I Family Involvement*; and 616: *School District Accountability* and rescinds Board Policies IF, KAA and IE.

The Policy Review Committee and administration have reviewed these policies and recommend approval on a first reading basis.

Policies 601, 603, 612.1 and 616 are attached for your review.

Attachment

/jmk

Adopted: 6/1986

Burnsville-Eagan-Savage School District Policy 601

Reviewed:

Revised: 9/2012; 2/2015

Rescinds: IA-AE (rescinded on 9/2012 by Policy 104)

601 SCHOOL DISTRICT CURRICULUM AND INSTRUCTION GOALS

I. PURPOSE

The purpose of this policy is to establish broad curriculum parameters for the school district that encompass the Minnesota Graduation Standards and the federal No Child Left Behind Act and are aligned with creating the world's best workforce.

II. GENERAL STATEMENT OF POLICY

The policy of the school district is to establish the "world's best workforce" in which all learning in the school district should be directed and for which all school district learners should be held accountable in order to be real-world ready.

III. DEFINITIONS

- A. "Academic standard" means a summary description of student learning in a required content area or elective content area.
- B. "Benchmark" means specific knowledge or skill that a student must master to complete part of an academic standard by the end of the grade level or grade band.
- C. "Curriculum" means district or school adopted programs and written plans for providing students with learning experiences that lead to expected knowledge, skills, and career and college readiness.
- D. "Instruction" means methods of providing learning experiences that enable students to meet state and district academic standards and graduation requirements.
- E. "Performance measures" are measures to determine school district and school site progress in striving to create the world's best workforce and must include at least the following:
 - 1. student performance on the National Assessment of Educational Progress where applicable;
 - 2. the size of the academic achievement gap and rigorous course taking, including college-level advanced placement, international baccalaureate, postsecondary enrollment options including concurrent enrollment, other

statutorily recognized courses of study or industry certification courses or programs and enrichment experiences by student subgroup;

3. student performance on the Minnesota Comprehensive Assessments;
 4. high school graduation rates; and
 5. career and college readiness under Minn. Stat. § 120B.30, Subd. 1.
- F. “World’s best workforce” means striving to: meet school readiness goals; have all third-grade students achieve grade-level literacy; close the academic achievement gap among all racial and ethnic groups of students and between students living in poverty and students not living in poverty; have all students attain career and college readiness before graduating from high school; and have all students graduate from high school.
- G. “Experiential learning” means learning for students that includes career exploration through a specific class or course or through work-based experiences such as job shadowing, mentoring, entrepreneurship, service learning, volunteering, internships, other cooperative work experience, youth apprenticeship, or employment.

IV. LONG-TERM STRATEGIC PLAN

- A. The school board, at a public meeting, shall adopt a comprehensive, long-term strategic plan to support and improve teaching and learning that is aligned with creating the world’s best workforce and includes the following:
1. clearly defined school district and school site goals and benchmarks for instruction and student achievement for all nine student categories identified under the federal 2001 No Child Left Behind Act;
 2. a process for assessing and evaluating each student’s progress toward meeting state and local academic standards and identifying the strengths and weaknesses of instruction affecting students’ progress and growth toward career and college readiness and leading to the world’s best workforce;
 3. a system to periodically review and evaluate the effectiveness of all instruction and curriculum, taking into account strategies and best practices, student outcomes, principal evaluations under Minn. Stat. § 123B.147, Subd. 3, and teacher evaluations under Minn. Stat. § 122A.40, Subd. 8, or 122A.41, Subd. 5;
 4. strategies for improving instruction, curriculum, and student achievement, and, where practicable, the native language development and the academic achievement of English learners;

5. education effectiveness practices that integrate high-quality instruction, rigorous curriculum, technology, and a collaborative professional culture that develops and supports teacher quality, performance, and effectiveness; and;
6. an annual budget for continuing to implement the school district plan.

Legal References: Minn. Stat. § 120B.018 (Definitions)
 Minn. Stat. § 120B.02 (Educational Expectations for Minnesota Students)
 Minn. Stat. § 120B.11 (School District Process)
 Minn. Stat. § 120B.30, Subd. 1 (Statewide Testing and Reporting System)
 Minn. Stat. § 120B.35, Subd. 3 (Student Academic Achievement and Growth)
 Minn. Stat. § 122A.40, Subd. 8 (Employment; Contracts; Termination)
 Minn. Stat. § 122A.41, Subd. 5 (Teacher Tenure Act; Cities of the First Class; Definitions)
 Minn. Stat. § 123B.147, Subd. 3 (Principals)
 20 U.S.C. § 5801, *et seq.* (National Education Goals 2000)
 20 U.S.C. § 6301, *et seq.* (No Child Left Behind Act)

Cross References: Burnsville Eagan Savage School District Policy 104 (School District Mission Statement)
 Burnsville Eagan Savage School District Policy 613 (Graduation Requirements)
 Burnsville Eagan Savage School District Policy 614 (School District Testing Plan and Procedure)
 Burnsville Eagan Savage School District Policy 615 (Testing Accommodations, Modifications, and Exemptions for IEPs, Section 504 Plans, and LEP Students)
 Burnsville Eagan Savage School District Policy 616 (School District System Accountability)
 Burnsville Eagan Savage School District Policy 618 (Assessment of Student Achievement)

Adopted: 5/1985
Reviewed
Revised: 6/2009, 12/2014
Rescinds: IF

603 CURRICULUM DEVELOPMENT

I. PURPOSE

The purpose of this policy is to provide direction for continuous review and improvement of the school curriculum.

II. GENERAL STATEMENT OF POLICY

Curriculum development shall be directed toward the fulfillment of the goals and objectives of the education program of the school district.

III. RESPONSIBILITY

- A. The superintendent shall be responsible for curriculum development and for determining the most effective way of conducting research on the school district's curriculum needs and establishing a long range curriculum development program. Timelines shall be determined by the superintendent that will provide for periodic reviews of each curriculum area.
- B. A district advisory committee shall provide assistance at the request of the superintendent. The advisory committee membership shall be a reflection of the community and, to the extent possible, shall reflect the diversity of the district and its school sites, and shall include parent, teacher, support staff, student, community residents, and administration representation.
- C. Within the ongoing process of curriculum development, the following needs shall be addressed:
 - 1. Provide for articulation of courses of study from kindergarten through grade twelve.
 - 2. Identify minimum objectives for each course and at each elementary grade level.
 - 3. Provide for continuing evaluation of programs for the purpose of attaining school district objectives.
 - 4. Provide a program evaluating student progress towards achieving academic goals.

5. Provide for specific, particular, and special needs of all members of the student community.
 6. Integrate required and elective course standards in the scope and sequence of the district curriculum.
 7. Meet all applicable requirements of the Minnesota Department of Education and the No Child Left Behind Act.
- D. The superintendent shall be responsible for keeping the school board informed of all state-mandated curriculum changes, as well as recommended discretionary changes, and for periodically presenting recommended modifications for school board review and approval.
- E. The superintendent shall have discretionary authority to develop guidelines and directives to implement school board policy relating to curriculum development.

Legal References: Minn. Stat. § 120B.10 (Findings; Improving Instruction and Curriculum)
Minn. Stat. § 120B.11 (School District Process)
Minn. Rules Part 3500.0550 (Inclusive Educational Program)
Minn. Rules Parts 3501.0640-3501.0655 (Academic Standards for Language Arts)
Minn. Rules Parts 3501.0700-3501.0745 (Academic Standards for Mathematics)
Minn. Rules Parts 3501.0800-3501.0815 (Academic Standards for the Arts)
Minn. Rules Parts 3501.0900-3501.0955 (Academic Standards in Science)
Minn. Rules Parts 3501.1000-3501.1190 (Graduation-Required Assessment for Diploma) (repealed Minn. L. 2013, Ch. 116, Art. 2, § 22)
Minn. Rules Parts 3501.1200-3501.1210 (Academic Standards for English Language Development)
Minn. Rules Parts 3501.1300-3501.1345 (Academic Standards for Social Studies)
20 U.S.C. § 6301, *et seq.* (No Child Left Behind Act)

Cross References: Burnsville Eagan Savage School District Policy 604 (Instructional Curriculum)
Burnsville Eagan Savage School District Policy 605 (Alternative Programs)
Burnsville Eagan Savage School District Policy 613 (Graduation Requirements)
Burnsville Eagan Savage School District Policy 614 (School District Testing Plan and Procedure)
Burnsville Eagan Savage School District Policy 615 (Testing Accommodations, Modifications, and Exemptions for IEPs, Section 504 Plans, and LEP Students)

Burnsville Eagan Savage School District Policy 616 (School District System Accountability)

Burnsville Eagan Savage School District Policy 617 (School District Ensurance of Preparatory and High School Standards)

Burnsville Eagan Savage School District Policy 618 (Assessment of Student Achievement)

Burnsville Eagan Savage School District Policy 619 (Staff Development for Standards)

Burnsville Eagan Savage School District Policy 620 (Credit for Learning)

Burnsville Eagan Savage School District Policy 623 (Mandatory Summer School Instruction)

Adopted: 05/2003

Burnsville-Eagan-Savage School District Policy 612.1

Reviewed:

Revised: 08/2006; 01/2015

Rescinds: KAA

612.1 TITLE I FAMILY INVOLVEMENT

I. PURPOSE

The purpose of this policy is to encourage and facilitate involvement by parents of students participating in Title I in the educational programs and experiences of students. The policy shall provide the framework for organized, systematic, ongoing, informed and timely parental involvement in relation to decisions about the Title I services within the school district. The involvement of parents by the school district shall be directed toward both public and private school children whose parents are school district residents or whose children attend school within the boundaries of the school district.

II. GENERAL STATEMENT OF POLICY

- A. The policy of the school district is to plan and implement, with meaningful consultation with parents of participating children, programs, activities and procedures for the involvement of those parents in its Title I programs.
- B. The policy of the school district is to comply with 20 U.S.C. § 6318 which requires the school district to develop jointly with, agree upon with, and distribute to parents of children participating in Title I programs written parental involvement policies.

III. DEFINITIONS

For the purposes of this policy, “parent” is defined as a person or persons who look after and/or are legally responsible for a child who is a student in District 191.

IV. COMMUNICATION

The school board is committed to establishing and supporting planned and systematic two-way communication between the school district and its staff, students, parents, and community members. The Family Involvement Policy will provide direction for the communication activities between Title I schools and parents.

- A. Annual meeting opportunities will be held for parents and children. The Title I school will offer a flexible number of meetings, such as meetings in the morning or evening to facilitate parental involvement.
- B. Title I schools will provide information to Title I families at a Parent/Teacher Conference. The Family-School Compact will be discussed as it relates to the

individual child's achievement.

- C. Title I schools will communicate with parents in a variety of ways and times throughout the school year. They will identify special needs of parents, such as parents of students with limited English proficiency, and provide meaningful communication for these parents. Parents will be encouraged to visit their child's classroom. Reasonable access to the school staff will be provided.
- D. Information about standardized test results and Minnesota Comprehensive Assessment results will be provided to parents in the same academic school year as the test is administered or by the next conference date on the school district calendar.
- E. The school district will conduct, with the involvement of parents, an annual evaluation of the content and effectiveness of the Family Involvement Policy. This evaluation will include identifying barriers to greater participation, particularly with parents who are economically disadvantaged, disabled, have limited literacy or English proficiency, or who are of a racial or ethnic minority.
- F. A Title I school district website will be established that will include this Family Involvement Policy.

V. PARENTING

The Family Involvement Policy of each Title I school will encourage high student achievement by sharing this responsibility between home and school.

- A. Parents will be notified of workshops and other programs that meet the needs expressed by parents.
- B. The Family-School Compact will be developed with input from families and will articulate the responsibilities parents, students, and schools share for students' success in achieving the state's high standards.

VI. DECISION-MAKING AND ADVOCACY

- A. The advisory committee is comprised of school district staff and parents who represent participating schools, public and nonpublic. The purpose of this committee is to accomplish the following:
 - 1. Preview and provide input into the Family Involvement Policy;
 - 2. Disseminate information to parents;
 - 3. Be available to answer parents' questions; and

4. Review the school district's Title I Program.

VII. VOLUNTEERING

Title I learners are best served by the active participation of all parents and citizens of their community. Volunteers help individualize instruction, promote school and community interaction, support school activities, provide multi-generational and multi-cultural experiences, and enrich the curriculum for all learners. The school district encourages the involvement of volunteers.

VIII. COLLABORATING WITH THE COMMUNITY

To ensure effective involvement of parents and to support a partnership among the school, parents, and community to improve academic achievement, Title I schools will coordinate with similar other programs, such as Head Start, Early Childhood Family Education, Parent-Teacher-Student Organizations, and Community Education Services.

IX. POLICY REVIEW

This policy will be updated periodically to meet the changing needs of parents and the school.

Legal References: 20 U.S.C. § 6318 (Parental Involvement)

Cross References:

Adopted:05/1986
Reviewed:
Revised:01/2015
Rescinds: IE

616 SCHOOL DISTRICT SYSTEM ACCOUNTABILITY

I. PURPOSE

The purpose of this policy is to focus public education strategies on a process which promotes higher academic achievement for all students and ensures broad-based community participation in decisions regarding the implementation of the Minnesota Academic Standards and the No Child Left Behind Act.

II. GENERAL STATEMENT OF POLICY

The school district will establish a system to review and improve instruction, curriculum, and assessment which will include input by students, parents or guardians, and local community members. The school district will be accountable to the public and the state through annual reporting.

III. DEFINITIONS

- A. “Graduation Standards” means the credit requirements and Minnesota Academic Standards that school districts must offer and certify that students complete to be eligible for a high school diploma.
- B. “World’s best workforce” means striving to: meet school readiness goals; have all third grade students achieve grade-level literacy; close the academic achievement gap among all racial and ethnic groups of students, between students living in poverty and students not living in poverty, between English language learners and non-English language learners, between students who receive or do not receive special education; have all students attain career and college readiness before graduating from high school; and have all students graduate from high school.

IV. ESTABLISHMENT OF GOALS; IMPLEMENTATION; EVALUATION AND REPORTING

- A. School District Goals
 - 1. The school board has established school district-wide goals which provide

broad direction for the school district. Incorporated in these goals are the graduation and education standards contained in the Minnesota Academic Standards and the No Child Left Behind Act. The broad goals shall be reviewed annually and approved by the school board.

2. The improvement goals should address recommendations identified through the district continuous improvement process. The school district's goal setting process will include consideration of individual site goals. School district goals will be developed through the district's continuous improvement process.
3. The district's continuous improvement process will ensure:
 - a. The evaluation of students' progress and the identification of the strengths and weaknesses of instruction and curriculum affecting students' progress;
 - b. A plan for improving instruction and curriculum; and
 - c. An instruction plan that includes educational effectiveness processes integrating instruction, curriculum, assessment, and technology.

B. System for Reviewing All Instruction and Curriculum. Incorporated in the process will be analysis of the school district's progress toward implementation of the Minnesota Academic Standards. Instruction and curriculum shall be reviewed and evaluated by taking into account strategies and best practices, student outcomes, principal evaluations under Minn. Stat. § 123B.147, Subd. 3, and teacher evaluations under Minn. Stat. § 122A.40, Subd. 8, or 122A.41, Subd. 5.

C. Advisory Committee

1. By November 1 of each year, the advisory committee will meet to advise and assist the school district in the implementation of the school district system accountability.
2. The Student Achievement and Systems Improvement Advisory Committee (SASIAC), working in cooperation with other committees of the school district, will provide active community participation in:
 - a. Reviewing the school district instructional and curriculum plan, with emphasis on implementing the Minnesota Academic Standards;
 - b. Identifying annual instruction and curriculum improvement goals

for recommendation to the school board;

- c. Making recommendations regarding the evaluation process that will be used to measure school district progress toward its goals;

3. SASIAC shall meet the following criteria:

- a. SASIAC shall ensure active community participation in planning for instruction and curriculum affecting achievement.
- b. SASIAC shall give input to the school board on school district-wide standards, assessments, and program evaluation.

4. SASIAC shall, when possible, be comprised of two-thirds community representatives and shall reflect the diversity of the community. Included in its membership should be:

- a. Director of Curriculum
- b. TLT Coordinator
- c. School Board Member
- d. Student Representative
- e. Teacher representative from elementary and secondary
- f. One parent from each building or a minimum of one parent from each instructional level

5. SASIAC shall meet four times annually.

D. Reporting. Consistent with Minn. Stat. § 120B.36, Subd. 1, the school board shall publish a report in the local newspaper with the largest circulation in the district, by mail, or by electronic means on the school district website. The school board shall hold an annual public meeting to review and revise, where appropriate, student achievement goals, local assessment outcomes, plans, strategies, and practices for improving curriculum and instruction, and to review school district success in realizing the previously adopted student achievement goals and related benchmarks and the improvement plans leading to the world's best workforce. The school board must transmit an electronic summary of its report to the

Commissioner in the form and manner the Commissioner determines. The school district shall periodically survey affected constituencies about their connection to and level of satisfaction with school. The school district shall include the results of this evaluation in its summary report to the Commissioner.

Legal References: Minn. Stat. § 120B.02 (Educational Expectations for Minnesota’s Students)
Minn. Stat. § 120B.018 (Definitions)
Minn. Stat. § 120B.11 (School District Process)
Minn. Stat. § 120B.128 (Educational Planning and Assessment System (EPAS) Program)
Minn. Stat. § 120B.35 (Student Achievement Levels)
Minn. Stat. § 120B.36 (School Accountability; Appeals Process)
Minn. Stat. § 122A.40, Subd. 8 (Employment; Contracts; Termination)
Minn. Stat. § 122A.41, Subd. 5 (Teacher Tenure Act; Cities of the First Class; Definitions)
Minn. Stat. § 123B.04 (Site Decision Making Agreement)
Minn. Stat. § 123B.147, Subd. 3 (Principals)
Minn. Rules Parts 3501.0640-3501.0655 (Academic Standards for Language Arts)
Minn. Rules Parts 3501.0700-3501.0745 (Academic Standards for Mathematics)
Minn. Rules Parts 3501.0800-3501.0815 (Academic Standards for the Arts)
Minn. Rules Parts 3501.0900-3501.0955 (Academic Standards in Science)
Minn. Rules Parts 3501.1300-3501.1345 (Academic Standards for Social Studies)
20 U.S.C. § 6301, *et seq.* (No Child Left Behind Act)

Cross References: Burnsville-Eagan-Savage School District Policy 104 (School District Mission Statement)
Burnsville-Eagan-Savage School District Policy 601 (School District Curriculum and Instruction Goals)
Burnsville-Eagan-Savage School District Policy 613 (Graduation Requirements)
Burnsville-Eagan-Savage School District Policy 614 (School District Testing Plan and Procedure)
Burnsville-Eagan-Savage School District Policy 615 (Testing Accommodations, Modifications, and Exemptions for IEPs, Section 504 Plans, and LEP Students)
Burnsville-Eagan-Savage School District Policy 617 (School District Ensurance of Preparatory and High School Standards)
Burnsville-Eagan-Savage School District Policy 618 (Assessment of Student Achievement)
Burnsville-Eagan-Savage School District Policy 619 (Staff Development)

for Standards)
Burnsville-Eagan-Savage School District Policy 620 (Credit for Learning)



Agenda II.B.5
March 12, 2015

To: Members, Board of Education

From: Lisa K. Rider, Executive Director of Business Services

Date: March 5, 2015

Re: Extended Field Trip to Peru

RECOMMENDATION: that the Board of Education approves an extended field trip for Burnsville High School Travel Club students to travel to Peru from June 13, 2016 to June 23, 2016.

Burnsville High School has submitted an application for formal approval of an extended field trip to Peru from June 13 to June 23, 2016. The educational objectives of the extended field trip are to visit places and interact with cultures studied in world literature and history classes; to introduce students to international travel; to experience cultures and customs different from our own; and to gain confidence and poise while being in a different part of the world.

The average cost of the trip is approximately \$3,500.00 per student with spending money additional and determined by the individual. There will be at least one adult chaperone for every ten students.

Board Policy IICA states travel outside the continental U.S. requires board approval.

LKR:jmk



Agenda II.B.6
March 12, 2015

To: Members, Board of Education

From: Lisa K. Rider, Executive Director of Business Services

Date: March 9, 2015

Re: Extended Field Trip to Costa Rica

RECOMMENDATION: that the Board of Education approves an extended field trip for Burnsville High School students to travel to Costa Rica from July 23, 2015 to August 1, 2015.

Burnsville High School has submitted an application for formal approval of an extended field trip to Costa Rica from July 23, 2015 to August 1, 2015. The educational objective of the extended field trip is to immerse students in Spanish speaking culture. Students will practice their Spanish-speaking skills in a real-world setting.

The average cost of the trip is approximately \$2,468.00 per student with spending money additional and determined by the individual. Three chaperones and 25 students are signed up to go on the trip.

Board Policy IICA states travel outside the continental U.S. requires board approval.

LKR:jmk



To: Board of Education and Dr. Gothard

From: Cindy Amoroso, assistant superintendent and Dawn Willson, director of health services

Date: March 5, 2015

Re: Report on Minnesota Student Survey Data

Agenda III.A
March 12, 2015

Cindy Amoroso, assistant superintendent and Dawn Willson, director of health services will provide a report on Minnesota Student Survey Data.

/jmk



MINNESOTA STUDENT SURVEY REPORT TO ISD 191 BOARD OF EDUCATION

About the Survey



- Background
- Administration
- Changes to the survey

Areas Surveyed

- Demographics
- School
- Activities
- Family and Relationships
- Risk Factors
- Health and Safety
- Mental Health
- Substance Abuse
- Sexual Health and Protective Factors

General Highlights

- 99 - 100% of all students report caring about doing well in school
- 97% of all students report "accepting people who are different from me" some or most of the time
- On average, 99% of all 8th and 11th graders report no use of stimulants, pain pills, tranquilizers or Ritalin that was not prescribed to them in the past year
- 100% of ISD 191 8th and 11th graders have plans to graduate with most making plans for post secondary training (higher than the state average)

High School Highlights

- 77% of 11th graders report "always" wearing a seat belt when they drive
- 90% of 11th graders report "always" wearing a seat belt when they ride in the front seat of a car
- ISD 191 11th grade students report less reading or sending text messages than the state average
- 11th graders report less tobacco use as compared to the state
- 77% of 11th graders report no alcohol use in the past 30 days

Middle School Highlights

- 93% of 8th graders report no tobacco use in the past 30 days
- 92% of 8th graders report no marijuana use in the past 30 days
- 100% of 8th graders report no binge drinking in the past year

Elementary Highlights

- 0% of 5th graders report smoking in the past 30 days
- 97% of 5th graders report no alcohol use in the past year
- 5th grade students report getting more sleep as compared to the state average
- 98% of 5th graders report no glue sniffing or huffing or inhaling aerosol spray or gasses to get high in the past year

Data on Chemical Use

Tables 20, 29, 30, 33, 35, 41 and 43

- 7% of 11th grade males were offered, sold or given an illegal drug in past 30 days
- 2.5% of 8th and 11th graders have received drug or alcohol treatment
- 47% of 11th graders report either alcohol or marijuana use in the past year
- 3% of the 5th graders report alcohol use
- 6% of 5th grade males report starting alcohol at "10 years old or younger"
- 1% of 5th graders report starting marijuana at "10 years old or younger"
- Highest percentage first began use of alcohol and marijuana at age 14-15 years
- 4% of all ages report that their parents do not feel alcohol, marijuana or prescription drug use is wrong
- 76-84% feel parents and other adults should clearly communicate with their children about the importance of not using alcohol

Areas for Improvement: Feelings about School

Table 4

- 29% of 8th graders feel they are "treated unfairly at school"
- 41% of 8th grade girls report that they "do not feel adults listen to students"
- 29% of 8th graders feel school "rules are unfair"
- 20% of 8th graders report that "teachers do not care about students"
- As high as 43% of 5th, 8th and 11th graders feel "teachers are not interested in me as a person"

Areas for Improvement: Enrichment Activities

Tables 12 A and B

5th, 8th and 11th Grade Girls and Boys

- As high as 30% of students report that they "don't know programs available to them outside of school"
- As high as 66% of students report no involvement in clubs or community sports teams
- Over half of all 11th graders report that they are "not involved in school sports teams"
- 66-80% of students report "no involvement in any school sponsored activities" (highest in 8th grade males)
- Over half of all students report no participation in "lessons, such as: dance, music, tennis or karate"
- 51-67% of students report no involvement in religious activities

Area for Improvement: Significant Problems

Table 26A

8th and 11th Grades

- 20-23% of boys report "feeling very trapped, lonely, sad, blue, depressed and hopeless about the future"
- 48% of 11th grade girls report "feeling very trapped, lonely, sad, blue, depressed and hopeless about the future"
- 13% of 8th grade boys report "thinking about ending their life or committing suicide"
- 27% of 8th grade girls report "thinking about ending their life or committing suicide"

Area for Improvement:

Self-Inflicted Injury; Suicidal Thoughts and Suicidal Behavior

Table 27

8th and 11th Grades

- 15% of boys have "seriously considered attempting suicide"
- 33% of girls have "seriously considered attempting suicide"
- 2% of boys have "actually attempted suicide"
- 15% of 8th grade girls have "actually attempted suicide"
- 12% of 11th grade girls have "actually attempted suicide"

Implications

- Use in School Improvement Planning
- Health curriculum
- Social emotional services
- Designing Vision One91 elements to support success
 - ▣ Middle level philosophy: team approach, building relationships
 - ▣ Increasing engagement and participation
 - ▣ Rigorous career/post secondary planning and pathway

For More Information

Dawn Wilson, BSN RN LSN

Director of Health Services

dwilson@isd191.org

952-707-6043

Cindy Amoroso

Assistant Superintendent

camoroso@isd191.org

952-707-2080

Stephanie Corbey

Executive Director of Individualized Student Services

scorbey@isd191.org

952-707-6261



**Agenda III.B
March 12, 2015**

To: Members, Board of Education

From: Lisa K. Rider, Executive Director of Business Services

Date: March 6, 2015

Re: Approve Agreement between ISD 191 and Construction Manager, Wenck Construction, Inc.

RECOMMENDATION: that the Board of Education approve the agreement between ISD191 Burnsville-Eagan-Savage Public Schools and Construction Manager, Wenck Construction, Inc. (WCI).

January 12, 2015 we sent out a Request for Proposal to 5 different vendors who provide construction management services. January 14, 2015 we held a pre-proposal meeting which was optional for all five vendors. January 19, 2015 we received three proposals for consideration. January 22, 2015 we held Interviews with the three vendors who continued to be interested in providing construction management services for us. The result was a selection and negotiations process with Wenck Construction, Inc. (WCI).

I requested our attorney assist in drafting modifications to the AIA contracts which are typical in construction contracts. I am pleased to recommend a contract which has been modified and reviewed by our attorney, WCI, Glenn Simon and myself.

Our school district has not utilized the construction management model previously. The complexity, volume and short timeline required for the preparedness of our facilities for Vision One91 led us to consider the construction management model and we anticipate this will allow for greater support in managing the work before us. Glenn Simon will serve as our owner's representative on all projects working closely with the WCI team in managing the projects. We are very grateful to our community for their belief and support of Vision One91 and look forward to seeing the projects through by August, 2016.



Document C132™ – 2009

Standard Form of Agreement Between Owner and Construction Manager as Adviser

AGREEMENT made as of the 12th day of March in the year 2015
(In words, indicate day, month and year.)

BETWEEN the Owner:
(Name, legal status, address and other information)

Burnsville-Eagan-Savage Public Schools
100 River Ridge Court
Burnsville, Minnesota 55337

and the Construction Manager:
(Name, legal status, address and other information)

Wenck Construction, Inc.
5270 West 84th Street, Suite #550
Minneapolis, Minnesota 55437

for the following Project:
(Name, location and detailed description)

The construction of additions and renovations to various schools as part of the \$65 million dollar Bond Referendum to be held on February 24th, 2015, and as outlined in the District's Review & Comment Document dated November 14th, 2014

The Architect:
(Name, legal status, address and other information)

Armstrong Torseth Skold and Rydeen Architects (ATS&R)
8501 Golden Valley Road, Suite #300
Minneapolis, Minnesota 55427

The Owner and Construction Manager agree as follows.

ADDITIONS AND DELETIONS:
The author of this document has added information needed for its completion. The author may also have revised the text of the original AIA standard form. An *Additions and Deletions Report* that notes added information as well as revisions to the standard form text is available from the author and should be reviewed. A vertical line in the left margin of this document indicates where the author has added necessary information and where the author has added to or deleted from the original AIA text.

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

This document is intended to be used in conjunction with AIA Documents A132™–2009, Standard Form of Agreement Between Owner and Contractor, Construction Manager as Adviser Edition; A232™–2009, General Conditions of the Contract for Construction, Construction Manager as Adviser Edition; and B132™–2009, Standard Form of Agreement Between Owner and Architect, Construction Manager as Adviser Edition.

AIA Document A232™–2009 is adopted in this document by reference. Do not use with other general conditions unless this document is modified.

TABLE OF ARTICLES

1	INITIAL INFORMATION
2	CONSTRUCTION MANAGER'S RESPONSIBILITIES
3	SCOPE OF CONSTRUCTION MANAGER'S BASIC SERVICES
4	ADDITIONAL SERVICES
5	OWNER'S RESPONSIBILITIES
6	COST OF THE WORK
7	COPYRIGHTS AND LICENSES
8	CLAIMS AND DISPUTES
9	TERMINATION OR SUSPENSION
10	MISCELLANEOUS PROVISIONS
11	COMPENSATION
12	SPECIAL TERMS AND CONDITIONS
13	SCOPE OF THE AGREEMENT

ARTICLE 1 INITIAL INFORMATION

§ 1.1 This Agreement is based on the Initial Information set forth in this Section 1.1.

ISD #191 will seek a total referendum in the amount of \$65,000,000 to provide funds for the acquisition and betterment of school sites and facilities. This ballot question will be placed before the voters on February 24th, 2015.

§ 1.1.1 The Owner's program for the Project:
(Identify documentation or state the manner in which the program will be developed.)

The construction of additions and improvements to the Burnsville High School site and facility to allow that facility to serve grades 9 to 12 and to construct an activity center at that site; the renovation of various portions of the Diamondhead Education Center and the Administrative Services Center; the construction of additional space at various elementary school sites and facilities and the remodeling of existing elementary classrooms; and the acquisition and construction of safety and security upgrades to various district sites and facilities and the construction of secure controlled entries to various schools in accordance with the approximate program outlined in the District's Review and Comment document dated November 14th, 2014.

§ 1.1.2 The Project's physical characteristics:
(Identify or describe, if appropriate, size, location, dimensions, or other pertinent information, such as geotechnical reports; site, boundary and topographic surveys; traffic and utility studies; availability of public and private utilities and services; legal description of the site; etc.)

All additions, renovations and facility enhancements as outlined in the District's Review and Comment document dated November 14th, 2014 with the exception of lower level alterations at the Diamond Head Education Center.

§ 1.1.3 The Owner's budget for the Cost of the Work, as defined in Section 6.1:
(Provide total and, if known, a line item breakdown.)

Init.

Approximately \$47,004,500

§ 1.1.4 The Owner's anticipated design and construction schedule:

.1 Design phase milestone dates, if any:

Pre-Construction services for Additions and Improvements to the Burnsville High School would commence in February, 2015 and end in June, 2015 with bidding to take place in June, 2015 or earlier. All other projects will be fully designed to allow for bidding in or before April, 2016.

.2 Commencement of construction:

Construction of Additions and Improvements at the Burnsville High School is expected to commence in July, 2015. All other projects will commence in June, 2016 or earlier.

.3 Substantial Completion date or milestone dates:

On or before August 31, 2016

.4 Other:

N/A

§ 1.1.5 The Owner intends the following procurement method for the Project:

(Identify method such as competitive bid, negotiated Contract or multiple Prime Contracts.)

Multiple Prime Contracts will be used for procurement. In accordance with ISD #191 School Board Policy and Minnesota Statutes, Owner will competitively bid the Project. Bid packages will be developed by Construction Manager for approval by Owner to maximize best value.

§ 1.1.6 The Owner's requirements for accelerated or fast-track scheduling, multiple bid packages, or phased construction are set forth below:

(List number and type of bid/procurement packages.)

Multiple bid packages are anticipated. Additional requirements for phased construction or fast-tracked scheduling will be determined during the preconstruction phase.

§ 1.1.7 Other Project information:

(Identify special characteristics or needs of the Project not provided elsewhere, such as environmentally responsible design or historic preservation requirements.)

§ 1.1.8 The Owner identifies the following representative in accordance with Section 5.5:

(List name, address and other information.)

TBD

§ 1.1.9 The persons or entities, in addition to the Owner's representative, who are required to review the Construction Manager's submittals to the Owner are as follows:

(List name, address and other information.)

N/A

§ 1.1.10 Unless provided by the Construction Manager, the Owner will retain the following consultants and contractors:

(List name, legal status, address and other information.)

.1 Land Surveyor:

To be selected by Owner at a later date.

.2 Geotechnical Engineer:

To be selected by Owner at a later date.

.3 Civil Engineer:

To be selected by Owner at a later date.

.4 Other:

(List any other consultants retained by the Owner, such as a Project or Program Manager, or construction contractor.)

To be selected by Owner at a later date, if required.

§ 1.1.11 The Construction Manager identifies the following representative in accordance with Section 2.4:

(List name, address and other information.)

Steve Kilmer, Principal-in-Charge
Mark Hovelson, Senior Project Manager
Audie Miller, Project Manager
Shane Butler, Project Manager
Andy Hoffmann, Pre-Referendum Services Director
Dan Volbert, Senior Project Superintendent
Joe Yerbich, Senior Project Superintendent
Brittany Williams, Assistant Project Superintendent

§ 1.1.12 The Construction Manager's staffing plan as required under Section 3.3.2 shall include:

(List any specific requirements and personnel to be included in the staffing plan, if known.)

§ 1.1.13 The Construction Manager's consultants retained under Basic Services, if any:

.1 Cost Estimator:

(List name, legal status, address and other information.)

None

.2 Other consultants:

None

§ 1.1.14 The Construction Manager's consultants retained under Additional Services:

To be determined if additional services are authorized by the Owner.

§ 1.1.15 Other Initial Information on which the Agreement is based:

Init.

AIA Document C132™ – 2009 (formerly B801™ CMA – 1992). Copyright © 1973, 1980, 1992 and 2009 by The American Institute of Architects. All rights reserved. **WARNING: This AIA® Document is protected by U.S. Copyright Law and International Treaties. Unauthorized reproduction or distribution of this AIA® Document, or any portion of it, may result in severe civil and criminal penalties, and will be prosecuted to the maximum extent possible under the law.** This document was produced by AIA software at 09:14:32 on 03/05/2015 under Order No.4159143405_1 which expires on 12/15/2015, and is not for resale.

User Notes:

(1664436048)

None

§ 1.2 The Owner and Construction Manager may rely on the Initial Information. Both parties, however, recognize that such information may materially change and, in that event, the Construction Manager shall adjust its services and the Owner and the Construction Manager shall appropriately adjust the schedules, and the Construction Manager's compensation, as necessary, and as mutually agreed upon by the parties.

ARTICLE 2 CONSTRUCTION MANAGER'S RESPONSIBILITIES

§ 2.1 The Construction Manager shall provide the services as set forth in this Agreement. It is expressly agreed and understood that the Owner has contracted with the Construction Manager for the provision of expert Construction Management services. The Owner does not represent that it is knowledgeable in Construction Management or in other disciplines involving Construction, and that the Owner is relying upon the Construction Management to at all times perform its services with professional skill and care to comply with the requirements of this Agreement and the applicable laws, codes, ordinances, rules regulations and construction industry standards.

§ 2.2 The Construction Manager shall perform its services consistent with the skill and care ordinarily provided by construction managers practicing in the same or similar locality under the same or similar circumstances. Time being of the essence, the Construction Manager shall perform its services as expeditiously as is consistent with such skill and care and the orderly progress of the Project.

§ 2.3 The Construction Manager shall provide its services in conjunction with the services of an Architect as described in AIA Document B132™–2009, Standard Form of Agreement Between Owner and Architect, Construction Manager as Adviser Edition as modified by the Owner and the Architect relative to their contract for the Project. The Construction Manager shall not be responsible for actions taken by the Architect.

§ 2.4 The Construction Manager shall identify a representative authorized to act on behalf of the Construction Manager with respect to the Project.

§ 2.5 Except with the Owner's knowledge and consent, the Construction Manager shall not engage in any activity, or accept any employment, interest or contribution that would reasonably appear to compromise the Construction Manager's judgment with respect to this Project.

§ 2.6 The Construction Manager shall maintain the following insurance for the duration of this Agreement. If any of the requirements set forth below exceed the types and limits the Construction Manager normally maintains, the Owner shall reimburse the Construction Manager for any additional cost.

§ 2.6.1 Comprehensive General Liability with policy limits of not less than One Million (\$ 1,000,000) for each occurrence and in the aggregate for bodily injury and property damage shall be maintained for the time limits as governed by Minnesota State Statute 541.051.

§ 2.6.2 Automobile Liability covering owned and rented vehicles operated by the Construction Manager with policy limits of not less than One Million (\$ 1,000,000) combined single limit and aggregate for bodily injury and property damage.

§ 2.6.3 The Construction Manager may use umbrella or excess liability insurance to achieve the required coverage for Comprehensive General Liability and Automobile Liability, provided that such umbrella or excess insurance results in the same type of coverage as required for the individual policies and shall be maintained for the time limits as governed by Minnesota State Statute 541.051.

§ 2.6.4 Workers' Compensation at statutory limits and Employers Liability with a policy limit of not less than Five Hundred Thousand (\$ 500,000).

§ 2.6.5 Professional Liability covering the Construction Manager's negligent acts, errors and omissions in its performance of services with policy limits of not less than One Million (\$ 1,000,000) per claim and in the aggregate shall be maintained for the time limits as governed by Minnesota State Statute 541.051.

Init.

§ 2.6.6 The Construction Manager shall provide to the Owner certificates of insurance evidencing compliance with the requirements in this Section 2.6. The certificates will show the Owner as an additional insured on the Comprehensive General Liability, Automobile Liability, umbrella or excess, and Professional Liability policies. The Construction Manager's insurance will be primary and non-contributory regardless of any similar insurance of the Owner. The Construction Manager shall provide to the Owner copies of policy endorsements that show the Owner as an additional insured on the Comprehensive General Liability, Automobile Liability, umbrella or excess, and Professional Liability policies.

ARTICLE 3 SCOPE OF CONSTRUCTION MANAGER'S BASIC SERVICES

§ 3.1 Definition

The Construction Manager's Basic Services consist of those described in Sections 3.2 and 3.3 and include usual and customary construction coordination and scheduling, constructability review, cost estimating, and allocation of construction activities among the Multiple Prime Contractors and other services as may be necessary to provide a complete and accurate performance of services..

§ 3.2 Preconstruction Phase

§ 3.2.1 The Construction Manager shall review the program furnished by the Owner and any evaluation of the Owner's program provided by the Architect, to ascertain the requirements of the Project and shall arrive at a mutual understanding of such requirements with the Owner and Architect.

§ 3.2.2 The Construction Manager shall provide a preliminary evaluation of the Owner's program, schedule and construction budget requirements, each in terms of the other.

§ 3.2.3 The Construction Manager shall prepare, and deliver to the Owner, a written Construction Management Plan that includes, at a minimum, the following: (1) preliminary evaluations required in Section 3.2.2, (2) a Project schedule, (3) cost estimates, (4) recommendations for Project delivery method, and (5) Contractors' scopes of Work, if multiple Contractors or fast-track construction will be used. The Construction Manager shall routinely update the Construction Management Plan over the course of the Project.

§ 3.2.4 Based on preliminary design and other design criteria prepared by the Architect, the Construction Manager shall prepare preliminary estimates of the Cost of the Work or the cost of program requirements using area, volume or similar conceptual estimating techniques for the Architect's review and Owner's approval. If the Architect suggests alternative materials and systems, the Construction Manager shall provide cost evaluations of those alternative materials and systems and may also provide its own suggestions.

§ 3.2.5 The Construction Manager shall expeditiously review design documents during their development and advise the Owner and Architect on proposed site use and improvements, selection of materials, building systems and equipment, and methods of Project delivery. The Construction Manager shall also provide recommendations to the Owner and Architect on constructability, availability of materials and labor, sequencing for phased construction, time requirements for procurement, installation and construction, and factors related to construction cost including, but not limited to, costs of alternative designs or materials, preliminary budgets, life-cycle data, and possible cost reductions.

§ 3.2.6 The Construction Manager shall prepare and each month update the Project schedule included in the Construction Management Plan for the Architect's review and the Owner's acceptance. The Construction Manager shall obtain the Architect's approval for the portion of the Project schedule relating to the performance of the Architect's services. The Project schedule shall coordinate and integrate the Construction Manager's services, the Architect's services, other Owner consultants' services, and the Owner's responsibilities and highlight items that could affect the Project's timely completion.

§ 3.2.7 As the Architect progresses with the preparation of the Schematic Design, Design Development and Construction Documents, the Construction Manager shall prepare and update, at appropriate intervals agreed to by the Owner, Construction Manager and Architect, estimates of the Cost of the Work of increasing detail and refinement. The Construction Manager shall include appropriate contingencies for design, bidding or negotiating, price escalation, and market conditions in the estimates of the Cost of the Work. Such estimates shall be provided for the Architect's review and the Owner's approval. The Construction Manager shall advise the Owner and

Architect if it appears that the Cost of the Work may exceed the Owner's budget and make recommendations for corrective action.

§ 3.2.8 As the Architect progresses with the preparation of the Schematic Design, Design Development and Construction Documents, the Construction Manager shall consult with the Owner and Architect and make recommendations whenever the Construction Manager determines that design details adversely affect constructability, cost or schedules.

§ 3.2.9 The Construction Manager shall provide recommendations and information to the Owner and Architect regarding the assignment of responsibilities for temporary Project facilities and equipment, materials and services for common use of the Contractors. The Construction Manager shall verify that such requirements and assignment of responsibilities are included in the proposed Contract Documents.

§ 3.2.10 The Construction Manager shall provide recommendations and information to the Owner regarding the allocation of responsibilities for safety programs among the Contractors.

§ 3.2.11 The Construction Manager shall divide the Project into individual Contracts for the construction of various categories of Work, in light of the nature of the Project and consistent with industry standards and applicable bid law. If multiple Contracts are to be awarded, the Construction Manager shall review the Drawings and Specifications, and any other Construction Documents, and make recommendations as required to provide that (1) the Work of the Contractors is coordinated, (2) all requirements for the Project are assigned to the appropriate Contract, (3) the likelihood of jurisdictional disputes is minimized, and (4) proper coordination is provided for phased construction.

§ 3.2.12 The Construction Manager shall prepare and update the Project schedule to include the components of the Work, including phasing of construction, times of commencement and completion required of each Contractor, ordering and delivery of products, including those that must be ordered well in advance of construction, and the occupancy requirements of the Owner.

§ 3.2.13 The Construction Manager shall expedite and coordinate the ordering and delivery of materials, including those that must be ordered well in advance of construction by the Contractor or the Owner.

§ 3.2.14 The Construction Manager shall assist the Owner in selecting, retaining and coordinating the professional services of surveyors, special consultants and testing laboratories required for the Project.

§ 3.2.15 The Construction Manager shall provide an analysis of the types and quantities of labor required for the Project and review the availability of appropriate categories of labor required for critical phases. The Construction Manager shall make recommendations for actions designed to minimize adverse effects of labor shortages.

§ 3.2.16 The Construction Manager shall provide the Owner with information regarding applicable requirements for equal employment opportunity programs, and other programs as may be required by governmental and for quasi governmental authorities for inclusion in the Contract Documents.

§ 3.2.17 Following the Owner's approval of the Drawings and Specifications, and other Construction documents, the Construction Manager shall update and submit the latest estimate of the Cost of the Work and the Project schedule for the Architect's review and the Owner's approval.

§ 3.2.18 The Construction Manager shall submit the list of prospective bidders for the Architect's review and the Owner's approval consistent with the Owner's pre-bid approval process, if any, and applicable state law.

§ 3.2.19 The Construction Manager shall develop bidders' interest in the Project and establish bidding schedules. The Construction Manager, with the assistance of the Architect, shall issue bidding documents to bidders and conduct pre-bid conferences with prospective bidders. The Construction Manager shall issue the current Project schedule with each set of bidding documents. The Construction Manager shall assist the Architect with regard to questions from bidders and with the issuance of addenda.

§ 3.2.20 The Construction Manager shall receive bids, prepare bid analyses and make recommendations to the Owner for the Owner's award of Contracts or rejection of bids.

§ 3.2.21 The Construction Manager shall prepare the Construction Contracts for the Owner's review and approval, and advise the Owner on the acceptability of Subcontractors and material suppliers proposed by Multiple Prime Contractors.

§ 3.2.22 The Construction Manager shall assist the Owner in obtaining building permits and special permits for permanent improvements, except for permits required to be obtained directly by the various Multiple Prime Contractors. The Construction Manager shall verify that the Owner has paid applicable fees and assessments. The Construction Manager shall assist the Owner and Architect in connection with the Owner's responsibility for filing documents required for the approvals of governmental authorities having jurisdiction over the Project.

§ 3.2.23 The Construction Manager shall assist the Owner in obtaining and evaluating Contractor certifications as responsible contractors as that term is defined and applied by Minnesota Statute 16C.285. The Construction Manager shall make periodic inquiries to the Contractors during the Project to ensure continued Contractor compliance with Section 16C.285, Subd. 3.

§ 3.2.24 The Construction Manager shall collect the Certificates of Liability Insurance from the Multiple Prime Contractors and send to Owner. The Construction Manager shall ensure that the Multiple Prime Contractors have named the Owner as an additional insured on the Contractor's Comprehensive General Liability, Automobile Liability, umbrella or excess, and Professional Liability policies as applicable.

§ 3.3 Construction Phase Administration of the Construction Contract

§ 3.3.1 Subject to Section 4.3, the Construction Manager's responsibility to provide Construction Phase Services commences with the award of the initial Contract for Construction and terminates on the date the Architect issues the final Certificate for Payment. Construction Manager will manage any repair or corrections issues, as outlined in Section 12.2.2. of the A232-2009 General Conditions of the Contract of Construction, as modified, with all contractors, and equipment and materials suppliers for a period of one (1) year after substantial completion and will provide a one-year (1) correction period inspection on the Work.

§ 3.3.2 The Construction Manager shall provide a staffing plan to include one or more representatives who shall be in attendance at the Project site whenever the Work is being performed.

§ 3.3.3 The Construction Manager shall provide on-site administration of the Contracts for Construction in cooperation with the Architect as set forth below and in AIA Document A232™-2009, General Conditions of the Contract for Construction, Construction Manager as Adviser Edition. If the Owner and Contractor modify AIA Document A232-2009, those modifications shall not affect the Construction Manager's services under this Agreement unless the Owner and the Construction Manager amend this Agreement.

§ 3.3.4 The Construction Manager shall provide administrative, management and related services to coordinate scheduled activities and responsibilities of the Multiple Prime Contractors with each other and with those of the Construction Manager, the Owner and the Architect. The Construction Manager shall coordinate the activities of the Multiple Prime Contractors in accordance with the latest approved Project schedule and the Contract Documents.

§ 3.3.5 Utilizing the construction schedules provided by the Multiple Prime Contractors, the Construction Manager shall update the Project schedule, incorporating the activities of the Owner, Architect, and Multiple Prime Contractors on the Project, including activity sequences and durations, allocation of labor and materials, processing of Shop Drawings, Product Data and Samples, and delivery and procurement of products, including those that must be ordered well in advance of construction. The Project schedule shall include the Owner's occupancy requirements showing portions of the Project having occupancy priority. The Construction Manager shall update and reissue the Project schedule as required to show current conditions. If an update indicates that the previously approved Project schedule may not be met, the Construction Manager shall recommend corrective action, if any, to the Owner and Architect.

§ 3.3.6 The Construction Manager shall schedule and conduct weekly construction meetings with the Contractors to discuss such matters as procedures, progress, coordination, and scheduling of the Work. The Construction Manager

shall prepare and promptly distribute minutes to the Owner, Architect and Multiple Prime Contractors. The Construction Manager shall also schedule and conduct regular progress meetings with the Owner and Architect no less than monthly.

§ 3.3.7 Utilizing information from the Multiple Prime Contractors, the Construction Manager shall schedule and coordinate the sequence of construction and assignment of space in areas where the Multiple Prime Contractors are performing Work, in accordance with the Contract Documents and the latest approved Project schedule.

§ 3.3.8 The Construction Manager shall schedule all tests and inspections required by the Contract Documents or governmental authorities, and arrange for the delivery of test and inspection reports to the Owner and Architect.

§ 3.3.9 The Construction Manager shall endeavor to obtain satisfactory performance from each of the Multiple Prime Contractors in conformance with the Contract Documents. The Construction Manager shall recommend courses of action to the Owner when requirements of a Contract are not being fulfilled.

§ 3.3.10 The Construction Manager shall monitor and evaluate actual costs for activities in progress and estimates for uncompleted tasks and advise the Owner and Architect as to variances between actual and budgeted or estimated costs. If the Contractor is required to submit a Control Estimate, the Construction Manager shall meet with the Owner and Contractor to review the Control Estimate. The Construction Manager shall promptly notify the Contractor if there are any inconsistencies or inaccuracies in the information presented. The Construction Manager shall also report the Contractor's cost control information to the Owner.

§ 3.3.11 The Construction Manager shall develop cash flow reports and forecasts for the Project, and advise the Owner and Architect as to variances between actual and budgeted or estimated costs.

§ 3.3.12 The Construction Manager shall maintain accounting records on authorized Work performed under unit costs, additional Work performed on the basis of actual costs of labor and materials, and other Work requiring accounting records.

§ 3.3.12.1 The Construction Manager shall develop and implement procedures for the review and processing of Applications for Payment by Multiple Prime Contractors for progress and final payments.

§ 3.3.12.2 Not more frequently than monthly, the Construction Manager shall review and certify the amounts due the respective Contractors as follows:

- .1 Where there is only one Contractor responsible for performing the Work, the Construction Manager shall, within seven days after the Construction Manager receives the Contractor's Application for Payment, review the Application, certify the amount the Construction Manager determines is due the Contractor, and forward the Contractor's Application and Certificate for Payment to the Architect.
- .2 Where there are Multiple Prime Contractors responsible for performing different portions of the Project, the Construction Manager shall, within seven days after the Construction Manager receives each Contractor's Application for Payment: (1) review the Applications and certify the amount the Construction Manager determines is due each Contractor, (2) prepare a Summary of Contractors' Applications for Payment by summarizing information from each Contractor's Application for Payment, (3) prepare a Project Application and Certificate for Payment, (4) certify the total amount the Construction Manager determines is due all Multiple Prime Contractors collectively, and (5) forward the Summary of Contractors' Applications for Payment and Project Application and Certificate for Payment to the Architect.

§ 3.3.12.3 The Construction Manager's certification for payment shall constitute a representation to the Owner, based on the Construction Manager's judgment of the work in place, observations, inspections, and evaluations of the Work and on the data comprising the Contractors' Applications for Payment, that, to the best of the Construction Manager's knowledge, information and belief, the Work has progressed to the point indicated and the quality of the Work is in accordance with the Contract Documents. The foregoing representations are subject to an evaluation of the Work for conformance with the Contract Documents upon Substantial Completion, to results of subsequent tests and inspections, to correction of minor deviations from the Contract Documents prior to completion and to specific qualifications expressed by the Construction Manager. The issuance of a Certificate for Payment shall further constitute a recommendation to the Architect and Owner that the Contractor be paid the amount certified.

§ 3.3.12.4 The certification of an Application for Payment or a Project Application for Payment by the Construction Manager shall not be a representation that the Construction Manager has (1) made exhaustive or continuous on-site inspections to check the quality or quantity of the Work; (2) reviewed construction means, methods, techniques, sequences for the Contractor's own Work, or procedures; (3) reviewed copies of requisitions received from Subcontractors and material suppliers and other data requested by the Owner to substantiate the Contractor's right to payment; or (4) ascertained how or for what purpose the Contractor has used money previously paid on account of the Contract Sum.

§ 3.3.13 The Construction Manager shall review the safety programs developed by each of the Multiple Prime Contractors solely and exclusively for purposes of coordinating the safety programs with those of the other Contractors and for making recommendations to the Owner for any safety programs not included in the Work of the Multiple Prime Contractors. The Construction Manager's responsibilities for coordination of safety programs shall not extend to direct control over or charge of the acts or omissions of the Contractor, Multiple Prime Contractors, Subcontractors, agents or employees of the Contractors or Multiple Prime Contractors or Subcontractors, or any other persons performing portions of the Work and not directly employed by the Construction Manager.

§ 3.3.14 The Construction Manager shall work to guard the Owner against defects and deficiencies in the Work by determining in general that the Work of each Contractor is being performed in accordance with Contract Documents, and notify the Owner, Contractor and Architect of defects and deficiencies in the Work. The Construction Manager, in consultation with the Architect, shall have the authority to reject Work that does not conform to the Contract Documents and shall notify the Architect and Owner prior to the rejection. The failure of the Construction Manager to reject Work shall not constitute the acceptance of the Work. The Construction Manager shall record any rejection of Work in its daily log and include information regarding the rejected Work in its progress reports to the Architect and Owner pursuant to Section 3.3.20.1. Upon written authorization from the Owner, the Construction Manager may require and make arrangements for additional inspection or testing of the Work in accordance with the provisions of the Contract Documents, whether or not such Work is fabricated, installed or completed, and the Construction Manager shall give timely notice to the Architect of when and where the tests and inspections are to be made so that the Architect may be present for such procedures.

§ 3.3.15 The Construction Manager shall advise and consult with the Owner and Architect during the performance of its Construction Phase Services. The Construction Manager shall have authority to act on behalf of the Owner only to the extent provided in this Agreement. The Construction Manager shall not have control over, charge of, or responsibility for the construction means, methods, techniques, sequences or procedures, or for safety precautions and programs in connection with the Work of each of the Contractors, since these are solely the Contractor's rights and responsibilities under the Contract Documents. The Construction Manager shall not be responsible for a Contractor's failure to perform the Work in accordance with the requirements of the Contract Documents. The Construction Manager shall be responsible to the Owner for the Construction Manager's negligent acts or omissions, but shall not have control over or charge of, and shall not be responsible for, acts or omissions of the Contractor or Multiple Prime Contractors, Subcontractors, or their agents or employees, or any other persons or any other persons or entities performing portions of the Work.

§ 3.3.16 The Construction Manager shall transmit to the Architect requests for interpretations and requests for information of the meaning and intent of the Drawings and Specifications with its written recommendation, and assist in the resolution of questions that may arise.

§ 3.3.17 The Construction Manager shall review requests for changes, assist in negotiating Contractors' proposals, submit recommendations to the Architect and Owner, and, if they are accepted, prepare Change Orders and Construction Change Directives that incorporate the Architect's modifications to the Contract Documents.

§ 3.3.18 The Construction Manager shall assist the Initial Decision Maker in the review, evaluation and documentation of Claims, subject to Section 4.3.1.7.

§ 3.3.19 Utilizing the submittal schedules provided by each Contractor, the Construction Manager shall prepare, and revise as necessary, a Project submittal schedule incorporating information from the Owner, Owner's consultants, Owner's separate contractors and vendors, governmental agencies, and all other participants in the Project under the management of the Construction Manager. The Project submittal schedule and any revisions shall be submitted to

the Architect for approval. The Construction Manager shall promptly review all Shop Drawings, Product Data, Samples and other submittals from the Multiple Prime Contractors for compliance with the submittal requirements of the Contract, coordinate submittals with information contained in related documents, and transmit to the Architect those that the Construction Manager recommends for approval. The Construction Manager's actions shall be taken in accordance with the Project submittal schedule approved by the Architect, or in the absence of an approved Project submittal schedule, with such reasonable promptness as to cause no delay in the Work or in the activities of the Contractor, other Multiple Prime Contractors, the Owner, or the Architect. If the Construction Manager recognizes that portions of the Shop Drawings, Product Data, Samples, and other submittals are at variance with the drawings, plans or specifications, or contrary to applicable laws, statutes, ordinances, building codes, rules and regulations, the Construction Manager shall promptly notify the Architect and Owner in writing. Construction Manager will assign responsibility for field verification and coordination of Prime Contractors' work to the appropriate Prime Contractor.

§ 3.3.20 The Construction Manager shall keep a daily log containing a record of weather, each Contractor's Work on the site, number of workers, identification of equipment, Work accomplished, problems encountered, and other similar relevant data as the Owner may require.

§ 3.3.20.1 The Construction Manager shall record the progress of the Project. On a monthly basis, or otherwise as agreed to by the Owner, the Construction Manager shall submit written progress reports to the Owner and Architect, showing percentages of completion and other information identified below:

- .1 Work completed for the period;
- .2 Project schedule status based on percent of completion;
- .3 Submittal schedule and status report, including a summary of remaining and outstanding submittals;
- .4 Request for information, Change Order, and Construction Change Directive status reports;
- .5 Tests and inspection reports;
- .6 Status report of nonconforming and rejected Work;
- .7 Daily logs;
- .8 Summary of all Multiple Prime Contractors' Applications for Payment;
- .9 Cumulative total of the Cost of the Work to date including the Construction Manager's compensation and reimbursable expenses at the job site, if any;
- .10 Cash-flow and forecast reports; and
- .11 Any other items the Owner may require:

§ 3.3.20.2 In addition, for Projects constructed on the basis of the Cost of the Work, the Construction Manager shall include the following additional information in its progress reports:

- .1 Contractor's work force report;
- .2 Equipment utilization report;
- .3 Cost summary, comparing actual costs to updated cost estimates; and
- .4 Any other items as the Owner may require:

§ 3.3.21 The Construction Manager shall maintain at the Project site one copy of all Contracts, Drawings, Specifications, addenda, Change Orders and other Modifications, in good order and marked currently to record all changes and selections made during construction, and in addition, approved Shop Drawings, Product Data, Samples and similar required submittals. The Construction Manager shall maintain records, in duplicate, of principal building layout lines, elevations of the bottom of footings, floor levels and key site elevations certified by a qualified surveyor or professional engineer. The Construction Manager shall make all such records available to the Architect and the Contractor, and upon completion of the Project, shall deliver them to the Owner. As built/record drawings will be maintained by the respective Prime Contractors and verified by the Construction Manager on a monthly basis in conjunction with the monthly payment application review. Electronic copies of such documentation shall be provided to the Owner as well as paper copies.

§ 3.3.22 The Construction Manager shall arrange for the delivery, storage, protection and security of Owner-purchased materials, systems and equipment that are a part of the Project until such items are incorporated into the Work.

§ 3.3.23 With the Architect and the Owner's maintenance personnel, the Construction Manager shall observe the Contractor's or Multiple Prime Contractors' final testing and start-up of utilities, operational systems and equipment and observe any commissioning as the Contract Documents may require.

§ 3.3.24 When the Construction Manager considers each Contractor's Work or a designated portion thereof is substantially complete, the Construction Manager shall, jointly with the Contractor, prepare for the Architect a list of incomplete or unsatisfactory items and a schedule for their completion. The Construction Manager shall assist the Architect in conducting inspections to determine whether the Work or designated portion thereof is substantially complete.

§ 3.3.25 When the Work or designated portion thereof is substantially complete, the Construction Manager shall prepare, and the Construction Manager and Architect shall execute, a Certificate of Substantial Completion. The Construction Manager shall submit the executed Certificate to the Owner and Contractor. The Construction Manager shall coordinate the correction and completion of the Work. Following issuance of a Certificate of Substantial Completion of the Work or a designated portion thereof, the Construction Manager shall evaluate the completion of the Work of the Contractor or Multiple Prime Contractors and make recommendations to the Architect when Work is ready for final inspection. Once the punch list is 100% complete, the Construction Manager will contact the Architect for a final inspection, unless the Architect's interpretation is necessary before determining if an item on the punch list is complete per the Contract Documents. The Construction Manager shall assist the Architect in conducting final inspections.

§ 3.3.26 The Construction Manager shall forward to the Owner, with a copy to the Architect, the following information received from the Contractor or Multiple Prime Contractors: (1) certificates of insurance received from the Contractor or Multiple Prime Contractors; (2) consent of surety or sureties, if any, to reduction in or partial release of retainage or the making of final payment; (3) affidavits, receipts, releases and waivers of liens or bonds indemnifying the Owner against liens; and (4) any other documentation required of the Contractor under the Contract Documents, including warranties and similar submittals.

§ 3.3.27 The Construction Manager shall deliver all warranties, keys, manuals, record drawings and maintenance stocks to the Owner. The Construction Manager shall forward to the Architect a final Project Application for Payment and Project Certificate for Payment or final Application for Payment and final Certificate for Payment upon the Contractor's compliance with the requirements of the Contract Documents. Prior to final completion of the Project, the Construction Manager shall compile manufacturers' operations and maintenance manuals, warranties, and guarantees, and certifications, and index and bind such documents in an organized manner and provide the binders to the Owner. Electronic copies of such documentation shall be provided to the Owner as well as paper copies. In consultation with the Architect, the Construction Manager shall determine when the Project and the Contractor's work is finally completed, and shall provide to the Owner a written recommendation regarding payment to the Contractor. The Construction Manager shall collect and submit the as-built drawings to the Owner with four (4) weeks of the date of final completion. The Construction Manager shall also observe any commissioning work and ensure the Engineer of Record verifies that all Project systems are working properly at the end of the Project and prior to Final Completion and Acceptance. Construction Manager shall coordinate video recording of any training for equipment and provide copies of such video training to the Owner.

§ 3.3.28 Duties, responsibilities and limitations of authority of the Construction Manager as set forth in the Contract Documents shall not be restricted, modified or extended without written consent of the Owner and Construction Manager.

§ 3.3.29 Upon request of the Owner, and prior to the expiration of one year from the date of Substantial Completion, the Construction Manager shall, without additional compensation, conduct a meeting with the Owner to review the facility operations and performance.

ARTICLE 4 ADDITIONAL SERVICES

§ 4.1 Additional Services listed below are not included in Basic Services but may be required for the Project. The Construction Manager shall provide the listed Additional Services only if specifically designated in the table below as the Construction Manager’s responsibility, and the Owner shall compensate the Construction Manager as provided in Section 11.2.

(Designate the Additional Services the Construction Manager shall provide in the second column of the table below. In the third column indicate whether the service description is located in Section 4.2 or in an attached exhibit. If in an exhibit, identify the exhibit.)

Services	Responsibility <i>(Construction Manager, Owner or Not Provided)</i>	Location of Service Description <i>(Section 4.2 below or in an exhibit attached to this document and identified below)</i>
§ 4.1.1 Measured drawings	Not Provided	
§ 4.1.2 Architectural interior design (B252™–2007)	Not Provided	
§ 4.1.3 Tenant-related services	Not Provided	
§ 4.1.4 Commissioning (B211™–2007)	Owner	
§ 4.1.5 LEED® certification (B214™–2012)	Not Provided	
§ 4.1.6 Furniture, furnishings, and equipment design (B253™–2007)	Not Provided	

§ 4.2 Insert a description of each Additional Service designated in Section 4.1, if not further described in an exhibit attached to this document.

N/A Any agreed-upon Additional Services shall be described in an exhibit and attached to this Agreement for incorporation.

§ 4.3 Additional Services may be provided after execution of this Agreement, without invalidating this Agreement. Except for services required due to the fault of the Construction Manager, any Additional Services provided in accordance with this Section 4.3 shall entitle the Construction Manager to compensation pursuant to Section 11.3.

§ 4.3.1 Upon recognizing the need to perform the following Additional Services, the Construction Manager shall notify the Owner with reasonable promptness and explain the facts and circumstances giving rise to the need. The Construction Manager shall not proceed to provide the following services until the Construction Manager receives the Owner’s written authorization:

- .1 Services necessitated by a change in the Initial Information, previous instructions or approvals given by the Owner, or a material change in the Project including, but not limited to, size, quality, complexity, the Owner’s schedule or budget for Cost of the Work, or procurement or delivery method, or bid packages in addition to those listed in Section 1.1.6;
- .2 Services necessitated by the enactment or revision of codes, laws or regulations or official interpretations after the date of this Agreement;
- .3 Preparation of documentation for alternate bid or proposal requests proposed by the Owner;
- .4 .Preparation for, and attendance at a dispute resolution proceeding or legal proceeding, except where the Construction Manager is party thereto;
- .5 Providing consultation concerning replacement of Work resulting from fire or other cause during construction and furnishing services required in connection with the replacement of such Work;
- .6 Assistance to the Initial Decision Maker, if other than the Architect; or
- .7 Service as the Initial Decision Maker.

§ 4.3.2 To avoid delay in the Construction Phase, the Construction Manager shall provide the following Additional Services, notify the Owner with reasonable promptness, and explain the facts and circumstances giving rise to the need. If the Owner subsequently determines that all or parts of those services are not required, the Owner shall give prompt written notice to the Construction Manager, and the Owner shall have no further obligation to compensate the Construction Manager for those services:

Init.

- .1 Services in evaluating an extensive number of Claims submitted by a Contractor or others in connection with the Work when the Architect is serving as the Initial Decision Maker.
- .2 To the extent the Construction Manager's Basic Services are affected, providing Construction Phase Services 60 days after (1) the date of Substantial Completion of the Work or (2) the anticipated date of Substantial Completion, identified in Initial Information, whichever is earlier.
- .3 Services required in an emergency to coordinate the activities of a Contractor or Multiple Prime Contractors in the event of risk of personal injury or serious property damage, consistent with Section 3.3.13.

§ 4.3.3 If the services covered by this Agreement have not been completed within Nineteen (19) months of the date of this Agreement, through no fault of the Construction Manager, extension of the Construction Manager's services beyond that time shall be compensated as Additional Services.

ARTICLE 5 OWNER'S RESPONSIBILITIES

§ 5.1 Unless otherwise provided for under this Agreement, the Owner shall provide information in a timely manner regarding requirements for and limitations on the Project, including the Owner's program, other objectives, schedule, constraints and criteria, special equipment, systems, and site requirements. Within 15 days after receipt of a written request from the Construction Manager, the Owner shall furnish the requested information as necessary and relevant for the Construction Manager to evaluate, give notice of, or enforce any lien rights, if any.

§ 5.2 The Owner, in consultation with the Architect and Construction Manager, shall establish and periodically update the Owner's budget for the Project, including (1) the budget for the Cost of the Work as defined in Section 6.1, (2) the Owner's other costs, and (3) reasonable contingencies related to all of these costs. If the Owner significantly increases or decreases the Owner's budget for the Cost of the Work, the Owner shall notify the Construction Manager and Architect. The Owner and the Architect, in consultation with the Construction Manager, shall thereafter agree to a corresponding change in the budget for the Cost of the Work or in the Project's scope and quality.

§ 5.3 The Owner acknowledges that accelerated, phased or fast-track scheduling provides a benefit, but also carries with it the risk of additional costs. If the Owner selects accelerated, phased or fast-track scheduling, the Owner agrees to include in the budget for the Project sufficient contingencies to cover such costs.

§ 5.4 The Owner shall retain an Architect to provide services, duties and responsibilities as described in AIA Document B132-2009, Standard Form of Agreement Between Owner and Architect, Construction Manager as Adviser Edition, as modified. The Owner shall provide the Construction Manager a copy of the executed agreement between the Owner and Architect, and any further modifications to the agreement.

§ 5.5 The Owner shall identify a representative authorized to act on the Owner's behalf with respect to the Project. The Owner shall render decisions pertaining to documents the Construction Manager submits in a timely manner in order to avoid unreasonable delay in the orderly and sequential progress of the Construction Manager's services.

§ 5.6 Unless provided by the Construction Manager, the Owner shall furnish surveys to describe physical characteristics, legal limitations and utility locations for the site of the Project, and a written legal description of the site. The surveys and legal information shall include, as applicable, grades and lines of streets, alleys, pavements and adjoining property and structures; designated wetlands; adjacent drainage; rights-of-way, restrictions, easements, encroachments, zoning, deed restrictions, boundaries and contours of the site; locations, dimensions and necessary data with respect to existing buildings, other improvements and trees; and information concerning available utility services and lines, both public and private, above and below grade, including inverts and depths. All the information on the survey shall be referenced to a Project benchmark.

§ 5.7 Unless provided by the Construction Manager, the Owner shall furnish services of geotechnical engineers, which may include but are not limited to test borings, test pits, determinations of soil bearing values, percolation tests, evaluations of hazardous materials, seismic evaluation, ground corrosion tests and resistivity tests, including necessary operations for anticipating subsoil conditions, with written reports and appropriate recommendations.

§ 5.8 The Construction Manager, on behalf of the Owner shall coordinate the services of the Owner's consultants with those services provided by the Construction Manager. Upon the Construction Manager's request, the Owner

shall furnish copies of the scope of services in the contracts between the Owner and the Owner's consultants. The Owner shall furnish the services of consultants other than those designated in this Agreement, or authorize the Construction Manager to furnish them as an Additional Service, when the Construction Manager requests such services and demonstrates that they are reasonably required by the scope of the Project. The Owner shall require that its consultants maintain professional liability insurance and other liability insurance as appropriate to the services provided.

§ 5.9 The Owner shall furnish tests, inspections and reports required by law or the Contract Documents, such as structural, mechanical, and chemical tests, tests for air and water pollution, and tests for hazardous materials.

§ 5.10 The Owner shall furnish all legal, insurance and accounting services, including auditing services, that may be reasonably necessary at any time for the Project to meet the Owner's needs and interests except as otherwise provided in this Agreement or in an agreement between Owner and another party. Nothing herein shall be deemed to create an obligation on the part of the Owner to furnish legal counsel to the Construction Manager or any third party or reimburse Construction Manager or a third party for such fees or to indemnify the Construction Manager or any third party for their own wrongful or negligent acts or omissions.

§ 5.11 The Owner shall provide prompt written notice to the Construction Manager and Architect if the Owner becomes aware of any fault or defect in Project, including errors, omissions or inconsistencies in the Architect's Instruments of Service or any fault or defect in the Construction Manager's services, however, Owner shall have no affirmative obligation or duty under the Agreement to inspect for defects or errors in the Project, the Construction Manager's services, or the Architect's instruments of services. The Owner's failure to give notice of faults or defects shall not relieve the Construction Manager from its obligations under this Agreement.

§ 5.12 The Owner reserves the right to perform construction and operations related to the Project with the Owner's own forces, and to award contracts in connection with the Project which are not part of the Construction Manager's responsibilities under this Agreement. The Construction Manager shall notify the Owner if any such independent action will interfere with the Construction Manager's ability to perform the Construction Manager's responsibilities under this Agreement. When performing construction or operations related to the Project, the Owner agrees to be subject to the same obligations and to have the same rights as the Contractors.

§ 5.13 Except as otherwise provided in this Agreement, or when direct communications have been specially authorized, the Owner shall endeavor to communicate with the Contractor and the Construction Manager's consultants through the Construction Manager about matters arising out of or relating to the Contract Documents. The Owner shall promptly notify the Construction Manager of any direct communications that may affect the Construction Manager's services.

§ 5.14 Before executing the Contract for Construction, the Owner shall coordinate the Construction Manager's duties and responsibilities set forth in the Contract for Construction with the Construction Manager's services set forth in this Agreement. The Owner shall provide the Construction Manager a copy of the executed agreements between the Owner and Contractors, including the General Conditions of the Contracts for Construction.

§ 5.15 The Owner shall provide the Construction Manager access to the Project site prior to commencement of the Work and shall obligate the Contractor to provide the Construction Manager access to the Work wherever it is in preparation or progress.

ARTICLE 6 COST OF THE WORK

§ 6.1 For purposes of this Agreement, the Cost of the Work shall be the total cost to the Owner to construct all elements of the Project designed or specified by the Architect and shall include the contractors' general conditions costs, overhead and profit. The Cost of the Work includes the compensation of the Construction Manager and Construction Manager's Consultants during the Construction Phase only, including compensation for reimbursable expenses at the job site, if any. The Cost of the Work does not include the compensation of the Architect, the costs of the land, rights-of-way, financing, or other costs that are the responsibility of the Owner.

§ 6.2 The Owner's budget for the Cost of the Work is provided in Initial Information, and may be adjusted throughout the Project as required under Sections 5.2 and 6.4. Evaluations of the Owner's budget, preliminary estimates for the Cost of the Work and detailed estimates of the Cost of the Work prepared by the Construction

Manager represent the Construction Manager's judgment as a person or entity familiar with the construction industry. It is recognized, however, that neither the Construction Manager nor the Owner has control over the cost of labor, materials or equipment, over Contractors' methods of determining bid prices, or over competitive bidding, market or negotiating conditions. Accordingly, the Construction Manager cannot and does not warrant or represent that bids or negotiated prices will not vary from the budget proposed, established or approved by the Owner, or from any cost estimate or evaluation prepared by the Construction Manager.

§ 6.3 If the Architect is providing detailed cost estimating services as an Additional Service, and a discrepancy exists between the Construction Manager's cost estimates and the Architect's cost estimates, the Architect and the Construction Manager shall work cooperatively to conform the cost estimates to one another.

§ 6.4 If, prior to the conclusion of the Design Development Phase, the Construction Manager's estimate of the Cost of the Work exceeds the Owner's budget for the Cost of the Work, the Construction Manager, in consultation with the Architect, shall make appropriate recommendations to the Owner and Architect to adjust the Project's size, quality or budget, and the Owner shall cooperate with the Construction Manager and Architect in making such adjustments.

§ 6.5 If the estimate of the Cost of the Work at the conclusion of the Design Development Phase exceeds the Owner's budget for the Cost of the Work, the Owner shall

- .1 give written approval of an increase in the budget for the Cost of the Work;
- .2 in consultation with the Construction Manager and Architect, revise the Project program, scope, or quality as required to reduce the Cost of the Work; or
- .3 implement any other mutually acceptable alternative.

ARTICLE 7 COPYRIGHTS AND LICENSES

The Construction Manager and the Construction Manager's consultants, if any, shall not own or claim a copyright in the Instruments of Service. The Construction Manager, the Construction Manager's consultants, if any, and the Owner warrant that in transmitting Instruments of Service, or any other information, the transmitting party is the copyright owner of such information or has permission from the copyright owner to transmit such information for its use on the Project. If the Owner and Construction Manager intend to transmit Instruments of Service or any other information or documentation in digital form, they shall endeavor to establish necessary protocols governing such transmissions.

ARTICLE 8 CLAIMS AND DISPUTES

§ 8.1 General

8.1.1 Deleted in its entirety.

(Paragraphs deleted)

§ 8.1.3 The Construction Manager shall indemnify and hold the Owner and the Owner's officers and employees harmless from and against damages, losses and judgments arising from claims by third parties, including reasonable attorneys' fees and expenses recoverable under applicable law, but only to the extent they are caused by the negligent acts or omissions of the Construction Manager, its employees and its consultants in the performance of professional services under this Agreement.

§ 8.1.4 Deleted in its entirety.

§ 8.2 Dispute Resolution

§ 8.2.1 Claims, disputes or other matters in question between the parties to this Agreement arising out of or relating to this Agreement or breach thereof shall be subject to and decided by district court action, in Dakota County District Court, pursuant to the applicable court rules.

8.2.2 Deleted in its entirety.

8.2.3 Deleted in its entirety.

8.2.4 Deleted in its entirety.

(Deleted in its entirety)
(Paragraphs deleted)

ARTICLE 9 TERMINATION OR SUSPENSION

§ 9.1 This Agreement may be terminated by either party upon not less than fifteen days' written notice should the other party fail substantially to perform in accordance with the terms of this Agreement through no fault of the party initiating the termination. The Owner may terminate the Agreement for any reason other than the Construction Manager's failure to substantially perform, upon providing 30 days written notice to the Construction Manager of the Owner's intention to terminate the Construction Manager's services.

§ 9.2 If the Project is suspended by the Owner for more than 60 consecutive days, the Construction Manager shall be compensated for services performed prior to notice of such suspension, provided that the Construction Manager's services conform in all respects with the requirements of this Agreement and all applicable laws, codes, ordinances, rules and regulations. When the Project is resumed, The Construction Manager's compensation shall be equitably adjusted to provide for expenses incurred in the interruption and resumption of the Construction Manager's services, provided that the suspension was not caused by the Construction Manager, its consultants, agents or employees.

§ 9.3 This Agreement may be terminated by the Owner upon not less than seven days' written notice to the Construction Manager in the event that the Project is abandoned. If the Project is abandoned by the Owner for more than 90 consecutive days, the Construction Manager may terminate this Agreement by giving written notice.

§ 9.4 Failure of the Owner to make payments to the Construction Manager in accordance with this Agreement shall be considered substantial nonperformance and cause for termination when such failure is not due to the failure of the Construction Manager its consultants, agents or employees to substantially perform their obligations under this Agreement.

§ 9.5 When the Owner fails to make payment when due the Construction Manager for services and expenses, when such failure is not due to the failure of the Construction manager its consultants, agents or employees to substantially perform their obligations under this Agreement, the Construction Manager may, upon thirty (30) days written notice to the Owner, suspend performances of services under this Agreement. Unless payment in full is received by the Construction Manager within thirty (30) days of the date of the notice, the suspension shall take effect without further notice. In the event of a suspension of services, the Construction Manager shall have no liability to the Owner for delay or damage caused the Owner because of such suspension of services.

§ 9.6 In the event of termination not the fault of the Construction Manager, the Construction Manager shall be compensated for services performed prior to termination, together with reimbursable expenses then due, provided the Construction Manager's services conform in all respects with the requirements of this Agreement and all applicable laws, codes, ordinances, rules and regulations.

§ 9.7 Termination Expenses are in addition to compensation for the Construction Manager's services and include expenses directly attributable to termination for which the Construction Manager is not otherwise compensated.

§ 9.7.1 In the event of termination for the Owner's convenience prior to commencement of construction, the Construction Manager shall be entitled to receive payment for services performed, costs incurred by reason of such termination.

§ 9.7.2 In the event of termination for the Owner's convenience after commencement of construction, the Construction Manager shall be entitled to receive payment for services performed and costs incurred by reason of such termination.

§9.7.3 If the Owner terminates, suspends or abandons a Project, the Construction Manager shall immediately deliver to the Owner copies of all plans, specifications, reproducible drawing in electronic and paper format that may exist, and all other documents or information relating to the Project in the Construction Manager's possession.

Init.

ARTICLE 10 MISCELLANEOUS PROVISIONS

§ 10.1 This Agreement shall be governed by the law of the State of Minnesota.

§ 10.2 Terms in this Agreement shall have the same meaning as those in AIA Document A232–2009, General Conditions of the Contract for Construction, as modified, except for purposes of this Agreement, the term "Work" shall include the work of all Contractors under the administration of the Construction Manager.

§ 10.3 The Owner and Construction Manager, respectively, bind themselves, their agents, successors, assigns and legal representatives to this Agreement. Neither the Owner nor the Construction Manager shall assign this Agreement without the written consent of the other, except that the Owner may assign this Agreement to a lender providing financing for the Project if the lender agrees to assume the Owner's rights and obligations under this Agreement.

§ 10.4 If the Owner requests the Construction Manager to execute certificates, the proposed language of such certificates shall be submitted to the Construction Manager for review at least 14 days prior to the requested dates of execution. If the Owner requests the Construction Manager to execute consents reasonably required to facilitate assignment to a lender, the Construction Manager shall execute all such consents that are consistent with this Agreement. The Construction Manager shall not assign this Agreement or any of the rights, duties or payments arising under this Agreement to any third party without the written consent of the Owner. Pursuant to Minnesota Statute 471.425, subd. 4a, if the Construction Manager assigns any of the duties of this Agreement the Construction Manager is required to pay the assigned contractor within ten days of the Construction Manager's receipt of payment from the Owner for undisputed services provided by the assigned contractor. The Construction Manager must pay interest of 1½ percent per month or any part of a month to the assigned contractor on any undisputed amount not paid on time to the assigned contractor. The minimum monthly interest penalty payment for an unpaid balance of \$100 or more is \$10. For an unpaid balance of less than \$100, the Construction Manager shall pay the actual penalty due to the assigned contractor. An assigned contractor, who prevails in a civil action to collect interest penalties from the Construction Manager, must be awarded its costs and disbursements, including attorney's fees, incurred in bringing the action.

§ 10.5 Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either the Owner or Construction Manager.

§ 10.6 Unless otherwise required in this Agreement, the Construction Manager shall have no responsibility for the discovery, presence, handling, removal or disposal of, or exposure of persons to, hazardous materials or toxic substances in any form at the Project site.

§ 10.7 The Construction Manager shall have the right to include photographic or artistic representations of the design of the Project among the Construction Manager's promotional and professional materials. The Construction Manager shall be given reasonable access to the completed Project to make such representations. However, the Construction Manager's materials shall not include the Owner's confidential or proprietary information if the Owner has previously advised the Construction Manager in writing of the specific information considered by the Owner to be confidential or proprietary. The Owner shall provide professional credit, in its sole discretion, for the Construction Manager in the Owner's promotional materials for the Project.

§ 10.8 If the Construction Manager or Owner receives information specifically designated by the other party as "confidential" or "business proprietary," the receiving party shall keep such information strictly confidential and shall not disclose it to any other person except to (1) its employees, (2) those who need to know the content of such information in order to perform services or construction solely and exclusively for the Project, or (3) its consultants and contractors whose contracts include similar restrictions on the use of confidential information or (4) as otherwise required by the Minnesota Government Data Practices Act, or (5) as required by a court of competent jurisdiction.

§10.9 The Construction Manager understands and agrees that any written correspondence or communication (including emails) between itself and the Owner, or any other entity, as it relates to its work on this Project are subject to the Minnesota Government Data Practices Act, and may be subject to public disclosure at any time upon valid request. Notwithstanding the foregoing, the Construction Manager shall not be responsible for responding to

Init.

any Minnesota Government Data Practices Act request, but, if requested by Owner, shall cooperate and assist the Owner in responding to any such request.

ARTICLE 11 COMPENSATION

§ 11.1 For the Construction Manager’s Basic Services described under Article 3, the Owner shall compensate the Construction Manager as follows:

An estimated total fee of \$1,057,600 for Pre-Construction, Construction and Post-Construction phase services is based on a 2.25% fee which will be applied to the total final construction cost as defined in article 6. The total construction cost is currently estimated to be \$47,004,500. This compensation will be paid to the Construction Manager in nineteen (19) equal monthly installments commencing in March, 2015 and ending no later than September, 2016. The Compensation for basic service staff excludes staff identified in Section 11.6.1.12.

§ 11.1.1 For Preconstruction Phase Services in Section 3.2:
(Insert amount of, or basis for, compensation, including stipulated sums, multiples or percentages.)

N/A

§ 11.1.2 For Construction Phase Services in Section 3.3:
(Insert amount of, or basis for, compensation, including stipulated sums, multiples or percentages.)

N/A

§ 11.2 For Additional Services designated in Section 4.1, the Owner shall compensate the Construction Manager as follows:
(Insert amount of, or basis for, compensation. If necessary, list specific services to which particular methods of compensation apply.)

N/A

§ 11.3 For Additional Services that may arise during the course of the Project, including those under Section 4.3, the Owner shall compensate the Construction Manager as follows:
(Insert amount of, or basis for, compensation.)

Compensation for additional services provided by the Construction Managers shall be in accordance with the hourly rates identified in Section 11.5 plus reimbursable expenses identified in Sections 11.6, 11.6.1, and 11.6.2

(Paragraphs deleted)

§ 11.5 The hourly billing rates for services of the Construction Manager and the Construction Manager’s consultants, if any, are set forth below. The rates shall be adjusted in accordance with the Construction Manager’s and Construction Manager’s consultants’ normal review practices. Hourly billing rates shall not be increased by more than 5% per year commencing January 1, 2016.

(If applicable, attach an exhibit of hourly billing rates or insert them below.)

Employee or Category	Rate (\$0.00)
Principal-In-Charge	\$135.00/Hour
Senior Project Manager	\$110.00/Hour
Project Manager	\$100.00/Hour
MEP & Civil Systems Coordinator	\$110.00/Hour
Estimating	\$100.00/Hour
Safety Director	\$100.00/Hour
Senior Project Superintendent	\$100.00/Hour
Project Superintendent	\$ 95.00/Hour
Assistant Superintendent	\$ 70.00/Hour

Project Assistant/Coordinator	\$ 65.00/Hour
Accounting/Administrative/Clerical Personnel	\$ 50.00/Hour

§ 11.6 Compensation for Reimbursable Expenses

§ 11.6.1 Reimbursable Expenses are in addition to compensation for Basic and Additional Services and include expenses incurred by the Construction Manager and the Construction Manager’s consultants directly related to the Project, as follows:

- .1 Transportation and authorized out-of-town travel and subsistence;
- .2 Long distance services, dedicated data and communication services, teleconferences, Project Web sites, and extranets;
- .3 Fees paid for securing approval of authorities having jurisdiction over the Project;
- .4 Printing, reproductions, plots, standard form documents;
- .5 Postage, handling and delivery;
- .6 Expense of overtime work requiring higher than regular rates, if authorized in advance by the Owner;
- .7 Professional photography, and presentation materials requested by the Owner;
- .8 Construction Manager’s consultant’s expense of professional liability insurance dedicated exclusively to this Project, or the expense of additional insurance coverage or limits if the Owner requests such insurance in excess of that normally carried by the Construction Manager’s consultants;
- .9 All taxes levied on professional services and on reimbursable expenses;
- .10 Site office expenses; and
- .11 Other similar Project-related expenditures.
- .12 Senior Project Superintendent, Project Superintendent, Assistant Superintendent Safety Director and On-Site Project Coordinator

§ 11.6.2 For Reimbursable Expenses the compensation shall be the expenses incurred by the Construction Manager and the Construction Manager’s consultants plus Five percent (5 %) of the expenses incurred (excludes Senior Project Superintendent, Project Superintendent, Assistant Superintendent, Project Coordinator, and Safety Director). The monthly reimbursable expense for specific identified items as follows:

- .1 Project Superintendent Truck, Travel and Tools \$1,300.00/Monthly
- .2 Construction Field Office & all Office Equipment \$1,300.00/Monthly

§ 11.7 Payments to the Construction Manager

§ 11.7.1 An initial payment of Zero (\$ 0) shall be made upon execution of this Agreement and is the minimum payment under this Agreement. It shall be credited to the Owner’s account in the final invoice.

§ 11.7.2 Unless otherwise agreed, payments for services shall be made monthly in proportion to services performed. Payments are due and payable upon presentation of the Construction Manager’s invoice. Amounts unpaid thirty (30) days after the invoice date shall bear interest at the rate entered below, or in the absence thereof at the legal rate prevailing from time to time at the principal place of business of the Construction Manager.
(Insert rate of monthly or annual interest agreed upon.)

%

§ 11.7.3 The Owner shall not withhold amounts from the Construction Manager’s compensation to impose a penalty or liquidated damages on the Construction Manager, or to offset sums requested by or paid to Contractors for the cost of changes in the Work unless the Construction Manager agrees or has been found liable for the amounts in a binding dispute resolution proceeding.

§ 11.7.4 Records of Reimbursable Expenses, expenses pertaining to Additional Services, and services performed on the basis of hourly rates shall be available to the Owner at mutually convenient times.

ARTICLE 12 SPECIAL TERMS AND CONDITIONS

Special terms and conditions that modify this Agreement are as follows:

N/A

Init.

ARTICLE 13 SCOPE OF THE AGREEMENT

§ 13.1 This Agreement represents the entire and integrated agreement between the Owner and the Construction Manager and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both Owner and Construction Manager.

§ 13.2 This Agreement is comprised of the following documents listed below:

- .1 AIA Document C132™–2009, Standard Form Agreement Between Owner and Construction Manager as Adviser, as modified
- .2 AIA Document E201™–2007, Digital Data Protocol Exhibit, if completed, or the following:
N/A
- .3 AIA Document E202™–2008, Building Information Modeling Protocol Exhibit, if completed, or the following:
N/A
- .4 Other documents:
(List other documents, if any, including additional scopes of service forming part of the Agreement.)
N/A

Should there be a conflict in language between the various Agreements incorporated herein, the terms of this modified C132 Agreement shall control.

This Agreement is entered into as of the day and year first written above.

OWNER *(Signature)*

CONSTRUCTION MANAGER *(Signature)*

(Printed name and title)

(Printed name and title)



**Agenda III.C
March 12, 2015**

To: Members, Board of Education

From: Lisa K. Rider, Executive Director of Business Services

Date: March 12, 2015

Re: 2015 Pavement Rehabilitation Project at William Byrne Elementary and Marion W. Savage Elementary Schools.

RECOMMENDATION: That the Board of Education award the base bid of (\$174,995.99) add alternate #1 (\$40,145.75) add alternate #2 (\$60,712.80) and deduct alternate #3 (-44,569.63) to McNamara Contracting Inc. for the total amount of \$231,284.91.

On Monday, February 23, 2015 bids for the pavement rehabilitation project at William Byrne & Marion W Savage Elementary Schools were opened and publicly read aloud. Five bids were received and analyzed.

The apparent low bidder (Bituminous Roadways Inc.) was interviewed by SRI after the bid opening and subsequently withdrew their bid because of a mistake made during the bid process on their part.

The next apparent low bidder is McNamara Contracting Inc.

Attached are the bid tabulation results as well as SRI Consultants Inc.'s recommendation letter and Bituminous Roadways Inc. withdraw of bid letter.

All costs have been reviewed and validated by SRI Consultants Inc.



**2015 Pavement Rehabilitation
Multiple Sites, ISD 191
February 23, 2015 - 11:00 a.m.**

	BITUMINOUS ROADWAYS	MIDWEST ASPHALT	MN ROADWAYS	PINE BEND PAVING	McNAMARA
BASE BID	110,275.00	187,600.00	156,982.00	190,500.00	174,995.99
ADD ALT BID #1: Wm Byrne South Reconstruct	27,500.00	55,300.00	53,189.00	95,000.00	40,145.75
ADD ALT BID #2: Wm Byrne East Reconstruct	60,250.00	82,500.00	89,237.00	158,000.00	60,712.80
DED ALT BID #3: -Wm Byrne Tot-Lot/Circular Dr	50,000.00	48,900.00	40,067.00	42,000.00	44,569.63
SUB-CONTRACTORS	No. Country Concrete & Parking Marking, 20k	Allied Blktp, Parking Marking & American Msnry	Goph State Sealct, JAKE Servs, Restor Sys, 20k	TBD	Safety Signs, Midstate Recl, MW Concr Sps, A-1 Strpg, Allied Blktp, 55k
START DATE	per spec	per spec	6/8/15	6/8/15	6/8/15
COMPLETION DATE	per spec	per spec	8/14/15	8/21/15	8/20/15
BID SECURITY	X	X	X	X	X
UNIT PRICE 1: Per Ln. Ft. Crack Seal	1.25	1.80	1.00	0.92	0.96
UNIT PRICE 2: Per Sq. Yd. Trap Rock Agg Sealcoat	3.50	2.90	3.15	3.10	3.20
UNIT PRICE 3: Per Sq. Yd. Asph Emuls Sealcoat	2.00	1.50	1.50	1.50	1.42
UNIT PRICE 4: Per Sq. Yd. 2" Bituminous Overlay	9.00	10.00	8.20	10.00	7.32
UNIT PRICE 5: Per Sq. Ft. 4" Concrete Sidewalk	21.00	12.50	15.00	15.00	11.88
UNIT PRICE 6: Per Cu. Yd. Subgrade Correction	42.00	35.00	12.00	60.00	48.80
UNIT PRICE 7: Per Ln. Ft. B612 Concrete Curb & Gutter	75.00	27.50	40.00	65.00	53.84
UNIT PRICE 8: Per Ln. Ft. B618 Concrete Curb & Gutter	85.00	30.00	42.00	70.00	59.09
UNIT PRICE 9: Per Sq. Yd. Bituminous Patching	34.00	47.50	36.00	60.00	47.07
UNIT PRICE 10: Per Sq. Yd. Reconstruction, 18" Base 4" Asphalt	43.00	34.75	33.00	(w/fabric) 80.00	79.23
ADDENDA 1 & 2	X	X	X	X	X

66

March 2, 2015

Glenn Simon
Director of Operations & Transportation
ISD 191 Administrative Service Center
100 River Ridge Court
Burnsville, MN 55337

Re: 2015 Pavement Rehabilitation Multiple Sites, Independent School District #191

Dear Mr. Simon:

We have reviewed and evaluated the bids received for the above referenced project. You have indicated that ISD 191 shall accept the submitted low qualified Bid from McNamara Contracting, Inc. for the the Base Bid along with ADD Alt. #1, and #2, and DEDUCT Alt. #3 for the total amount of \$231,284.91.

Following the bid opening, we discussed the bid results with Dale Boehne of McNamara Contracting, Inc. and he indicated they have reviewed their bid proposal and would be pleased to complete the work for their submitted contract total amount of \$231,284.91.

SRI's staff has reviewed references and has past work history with McNamara Contracting, Inc. and it is our opinion they are capable of performing the work as specified. We would like this letter to serve as SRI's formal letter of recommendation for McNamara Contracting, Inc. to perform the Pavement Rehabilitation for Independent School District #191 this year at William Byrne and Marion W. Savage Elementary Schools.

Sincerely,

SRI CONSULTANTS



Tom R. Kaiser, RRO
Consultant

CC: Dale Boehne, McNamara Contracting, Inc.





BITUMINOUS ROADWAYS, INC.

1520 COMMERCE DRIVE / MENDOTA HEIGHTS, MN 55120 / PHONE (651) 686-7001 / FAX (651) 687-9857

March 4, 2015

Glenn Simon
Independent School District #191
100 River Ridge Court
Burnsville, MN 55337

RE: ISD #191 2015 Pavement Rehabilitation Bid
Bid Date: 2/23/15

Dear Mr. Simon,

Due to an error in calculations, we would like to withdraw our bid on this project for \$110,275.00. We apologize for any inconvenience.

Respectfully Submitted,

Pam Hague
Secretary



**Agenda III.D
March 12, 2015**

To: Members, Board of Education

From: Lisa K. Rider, Executive Director of Business Services

Date: March 12, 2015

Re: 2015 Roof Rehabilitation at Rahn Elementary and Eagle Ridge Junior High Schools.

RECOMMENDATION: That the Board of Education award the base bid in the amount of (\$1,600,865.00) for the Rahn Elementary School and Eagle Ridge Junior High School 2015 roof rehabilitation project to Central Roofing Company.

On Monday, February 23, 2015 bids for Rahn Elementary School and Eagle Ridge Junior High School roofing projects were opened publicly and read aloud. Six bids were submitted and analyzed; the apparent low bidder with a cost to replace the roof on Rahn Elementary and Eagle Ridge Junior High in the amount of (\$1,600,865.00) is Central Roofing Company.

Attached are the bid tabulation results as well as SRI's recommendation letter.

All costs have been reviewed and validated by SRI Consultants Inc.



2015 Roof Rehabilitation
Rahn Elementary & Eagle Ridge Junior, ISD 191
February 23, 2015 - 10:00 a.m.

	BELDON	BERWALD	CENTRAL	JOHN A. DALSIN
BASE BID				
Modified Asphalt Bitumen	3,269,639.00	2,044,900.00	1,600,865.00	1,839,874.00
BREAKOUT: Rahn Elementary	1,902,385.00	1,269,000.00	908,795.00	1,094,490.00
: Eagle Ridge Junior	1,367,254.00	775,900.00	692,067.00	745,384.00
ALTERNATE				
4-ply Built-up w/Gravel at Rahn	1,841,421.00	1,193,200.00	923,995.00	994,000.00
DEDUCT ALTERNATE #1				
- Access Ladder Work at Rahn	7,500.00	6,600.00	4,450.00	9,600.00
DEDUCT ALTERNATE #2				
- Skylight Curb Work at Rahn	4,250.00	9,600.00	8,500.00	400.00
DEDUCT ALTERNATE #3				
- Installation of New Rock Ballast at Eagle Ridge	23,317.00	No Bid	12,500.00	No Bid
DEDUCT ALTERNATE #4				
- Recycling of Exist EPDM at Eagle Ridge	5,300.00	2,300.00	No Bid	2,000.00
START DATE	6/8/15	Wk 6/8/2015		6/8/15
COMPLETION DATE	8/28/15	Wk 8/10/2015		8/28/15
MINIMUM NO. OF CREWS / CREW SIZE	2 / 10	2 / 8-10	2 / 7	2 / 8-10
BID SECURITY	X	X	X	X
UNIT PRICE 1: Deter. Wood Nailers Repl - Per Ln. Ft.				
a. 2 x 4	6.50	2.00	1.25	2.95
b. 2 x 6	7.50	2.60	1.75	3.15
c. 2 x 8	8.50	3.30	2.00	3.45
d. 2 x 10	10.00	4.00	2.50	3.70
e. 2 x 12	12.00	4.50	3.00	3.95
f. 4 x 4 (cant)	8.00	2.50	0.95	3.55
g. Other (specify)	NA	0.00		3/4" Plywood 3.70
UNIT PRICE 2: Deter. Tprd. Exp. Polystyrene Repl-Per Bd. Ft.				
a. + 1/8"/ft Tapered Polyisocyanurate Insul.	3.50	1.75	2.00	2.40
b. - 1/8"/ft Tapered Polyisocyanurate Insul.	2.25	1.30	2.00	1.65
UNIT PRICE 3: Deter. Exp. Polystyrene Repl - Per Sq. Ft.				
a. + 3" Polyisocyanurate Insul.	2.85	2.00	3.50	5.25
b. - 3" Polyisocyanurate Insul.	1.60	1.50	3.50	3.65
UNIT PRICE 4: Exist Gyp Bd Remove/Repl - Per Sq. Ft.				
a. + 5/8" Gypsum Board	2.50	2.00	2.75	3.50
b. - 5/8" Gypsum Board	1.25	1.50	3.75	2.30
UNIT PRICE 5: Deter. Polyisocyanurate Insul Repl - Per Sq. Ft.				
a. + 2.5" Polyisocyanurate Insulation	3.30	2.50	3.00	4.75
b. - 2.5" Polyisocyanurate Insulation	2.00	1.86	3.00	3.30
UNIT PRICE 6: Roof Drain Compt Repl - Per Unit				
a. Bodies	1,250.00	500.00	750.00	200.00
b. Clamping Collars	225.00	200.00	50.00	90.00
c. Domes	225.00	150.00	50.00	120.00
d. Entire Assemblies	1,500.00	800.00	850.00	325.00
UNIT PRICE 7: Metal Deck Repair - Per Sq. Ft.	8.50	9.00	8.00	9.00
UNIT PRICE 8: Deter. Concrete Pavers Repl - Per Unit	45.00	20.00	45.00	17.00
UNIT PRICE 9: Steel Deck Prep - Per Sq. Ft.	3.75	4.00	2.25	4.50
UNIT PRICE 10: Def. Mortar Joint Tuckpt-Per Sq Ft Wall Area	33.75	25.00	5.00	25.00
UNIT PRICE 11: Deter. Wall Sealant Jts Rpr - Per Ln. Ft.	15.00	3.50	20.00	4.00
ADDENDA 1 & 2	X	1 only	X	X



2015 Roof Rehabilitation
Rahn Elementary & Eagle Ridge Junior, ISD 191
February 23, 2015 - 10:00 a.m.

	PALMER WEST	SCHWICKERT'S		
BASE BID				
Modified Asphalt Bitumen	1,870,000.00	1,988,000.00		
BREAKOUT: Rahn Elementary	1,032,400.00	1,226,000.00		
: Eagle Ridge Junior	837,800.00	762,000.00		
ALTERNATE				
4-ply Built-up w/Gravel at Rahn	1,006,000.00	1,226,000.00		
DEDUCT ALTERNATE #1				
- Access Ladder Work at Rahn	4,000.00	2,500.00		
DEDUCT ALTERNATE #2				
- Skylight Curb Work at Rahn	7,500.00	6,400.00		
DEDUCT ALTERNATE #3				
- Installation of New Rock Ballast at Eagle Ridge	N/C	N/A		
DEDUCT ALTERNATE #4				
- Recycling of Exist EPDM at Eagle Ridge	N/C	N/C		
START DATE		earliest allowed		
COMPLETION DATE		8/28/15		
MINIMUM NO. OF CREWS / CREW SIZE	2 / 10	2 / 8		
BID SECURITY	X	X		
UNIT PRICE 1: Deter. Wood Nailers Repl - Per Ln. Ft.				
a. 2 x 4	1.00	2.00		
b. 2 x 6	1.50	2.00		
c. 2 x 8	2.50	3.00		
d. 2 x 10	3.50	3.50		
e. 2 x 12	4.00	6.00		
f. 4 x 4 (cant)	2.00	3.00		
g. Other (specify)		3.00		
UNIT PRICE 2: Deter. Tprd. Exp. Polystyrene Repl-Per Bd. Ft.				
a. + 1/8"/ft Tapered Polyisocyanurate Insul.	2.00	2.25		
b. - 1/8"/ft Tapered Polyisocyanurate Insul.	1.35	1.75		
UNIT PRICE 3: Deter. Exp. Polystyrene Repl - Per Sq. Ft.				
a. + 3" Polyisocyanurate Insul.	4.00	2.50		
b. - 3" Polyisocyanurate Insul.	2.65	2.00		
UNIT PRICE 4: Exist Gyp Bd Remove/Repl - Per Sq. Ft.				
a. + 5/8" Gypsum Board	2.00	2.00		
b. - 5/8" Gypsum Board	1.35	1.50		
UNIT PRICE 5: Deter. Polyisocyanurate Insul Repl - Per Sq. Ft.				
a. + 2.5" Polyisocyanurate Insulation	3.00	2.50		
b. - 2.5" Polyisocyanurate Insulation	2.00	2.00		
UNIT PRICE 6: Roof Drain Compt Repl - Per Unit				
a. Bodies	300.00	1,600.00		
b. Clamping Collars	100.00	250.00		
c. Domes	100.00	200.00		
d. Entire Assemblies	500.00	2,000.00		
UNIT PRICE 7: Metal Deck Repair - Per Sq. Ft.	6.50	20.00		
UNIT PRICE 8: Deter. Concrete Pavers Repl - Per Unit	35.00	20.00		
UNIT PRICE 9: Steel Deck Prep - Per Sq. Ft.	2.00	4.00		
UNIT PRICE 10: Def. Mortar Joint Tuckpt-Per Sq Ft Wall Area	30.00	500.00		
UNIT PRICE 11: Deter. Wall Sealant Jts Rpr - Per Ln. Ft.	8.00	12.00		
ADDENDA 1 & 2	X	X		

March 2, 2015

Glenn Simon
Director of Operations & Transportation
ISD 191 Administrative Service Center
100 River Ridge Court
Burnsville, MN 55337

Re: 2015 Roof Rehabilitation at Rahn Elementary and Eagle Ridge Elementary Schools for Independent School District #191

Dear Mr. Simon:

We have reviewed and evaluated the bids received for the above referenced project. Central Roofing, Inc. submitted the low qualified Base Bid in amount of \$1,600,865.00.

Following the bid opening, we discussed the bid results with Steve Johnson of Central Roofing, Inc. and he indicated they have reviewed their bid proposal and would be pleased to complete the work for their submitted contract total amount of \$1,600,865.00.

SRI's staff has reviewed references and has past work history with Central Roofing, Inc. and it is our opinion they are capable of performing the work as specified. We would like this letter to serve as SRI's formal letter of recommendation for Central Roofing, Inc. to perform the Roof Rehabilitation for Independent School District #191 this year at Rahn Elementary School and Eagle Ridge Jr. High School.

Sincerely,

SRI CONSULTANTS



Tom R. Kaiser, RRO
Consultant

CC: Steve Johnson, Central Roofing, Inc.





**Agenda III.E
March 12, 2015**

To: Members, Board of Education

From: Lisa K. Rider, Executive Director of Business Services

Date: March 6, 2015

Re: Adopt the resolution providing for the sale of General Obligation School Building Bonds, Series 2015A

RECOMMENDATION: that the Board of Education adopt the resolution providing for the sale of General Obligation School Building Bonds, Series 2015A; and covenanting and obligating the district to be bound by and to use the provisions of Minnesota Statutes, section 126C.55 to guarantee the payment of the principal and interest on these bonds.

February 24, 2015 voters within our community approved funding for Vision One91. Question 1 authorized building bond proceeds of \$65 million. Approval of the resolution allows us to move forward in seeking bids for sale of bonds. Bond proceeds will be necessary for payment of design and contractors this spring.

**EXTRACT OF MINUTES OF A MEETING
OF THE SCHOOL BOARD OF
INDEPENDENT SCHOOL DISTRICT NO. 191
(BURNSVILLE-EAGAN-SAVAGE)
STATE OF MINNESOTA**

Pursuant to due call and notice thereof, a regular meeting of the School Board of Independent School District No. 191, State of Minnesota, was duly held on March 12, 2015 at 6:30 P.M.

MEMBERS PRESENT:

MEMBERS ABSENT:

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION PROVIDING FOR THE SALE OF GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2015A; AND COVENANTING AND OBLIGATING THE DISTRICT TO BE BOUND BY AND TO USE THE PROVISIONS OF MINNESOTA STATUTES, SECTION 126C.55 TO GUARANTEE THE PAYMENT OF THE PRINCIPAL AND INTEREST ON THESE BOND

BE IT RESOLVED by the School Board of Independent School District No. 191, State of Minnesota, as follows:

1. Bond Authorization. The School Board has determined that it is necessary and expedient to issue \$65,000,000 General Obligation School Building Bonds, Series 2015A.

2. Sale. The District has retained Ehlers & Associates, Inc. (Ehlers) in Roseville, Minnesota, as its independent financial advisor for the Bonds. Ehlers is authorized to solicit proposals in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9). If the issuance of the Bonds is approved, the School Board shall meet at the time and place specified in the Official Statement to receive and consider proposals for the purchase of the Bonds.

3. Official Statement; Negotiation of Sale. Ehlers is authorized to prepare and distribute an Official Statement and to open, read and tabulate the proposals for presentation to the Board.

4. Minnesota School District Credit Enhancement Program. (a) The District hereby covenants and obligates itself to notify the Commissioner of Education of a potential default in the payment of principal and interest on the "Bonds" and to use the provisions of Minnesota Statutes, Section 126C.55 to guarantee payment of the principal and interest on the Bonds when due. The District further covenants to deposit with the Registrar or any successor paying agent three (3) days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the Commissioner of Education that it will be unable to make all or a portion of that payment. The Registrar for the Bonds is authorized and directed to notify the Commissioner of Education if it becomes aware of a potential default in the payment of principal or interest on the Bonds or if, on the day two (2) business days prior to the date a payment is due on the Bonds, there are insufficient funds to make that payment on deposit with the Registrar. The District understands that as a result of its covenant to be bound by the provision of Minnesota Statutes, Section 126C.55, the provisions of that section shall be binding as long as any Bonds of this issue remain outstanding.

(b) The District further covenants to comply with all procedures now and hereafter established by the Departments of Management and Budget and Education of the State of Minnesota pursuant to Minnesota Statutes, Section 126C.55, subdivision 2(c) and otherwise to take such actions as necessary to comply with that section. The chair, clerk, superintendent or business manager is authorized to execute any applicable Minnesota Department of Education forms.

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

and the following voted against the same:

whereupon the resolution was declared duly passed and adopted.

STATE OF MINNESOTA)
) ss.
COUNTIES OF DAKOTA AND)
SCOTT)

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

WITNESS MY HAND officially as such recording officer this ____ day of _____, 2015.

School District Clerk

**SCHOOL DISTRICT CREDIT ENHANCEMENT
APPLICATION FOR PROGRAM
PARTICIPATION**

GENERAL INFORMATION AND INSTRUCTIONS: To ensure participation in the Credit Enhancement Program, a school district or intermediate school district must covenant and obligate itself to be bound by Minnesota Statutes, section 126C.55 prior to the issuance of debt obligations. The statute defines debt obligation as tax or aid anticipation certificates, certificates of participation, or general obligation bonds and provides a procedure for the State to preclude payment default on these debt obligations issued by school districts. The purpose of this application is to (1) inform the Minnesota Department of Education (MDE) that participation in the program is desired; (2) identify and provide information related to the Paying Agent and (3) request a certification providing evidence of State participation in the program. Please return the completed application and the signed copies to the above address, and maintain a copy of the resolution and corresponding meeting minutes in the school district files (copies of the resolution and minutes are **NOT** to be sent to MDE).

TO BE COMPLETED BY THE SCHOOL DISTRICT OR PAYING AGENT

Name of School District:		District Number:	District Type:
Name of District Contact Person/Title:	Telephone Number:	E-Mail Address:	

BOND/CERTIFICATION INFORMATION

Total Amount to be Issued: \$	Title/Description of Bonds/Certificates:	Dated Date:
Maturity Date for Certificates:		FOR BONDS , send final maturity schedules as soon as available.
REFUNDING :	If this is a REFUNDING issue, were the original bonds in the Credit Enhancement Program? Yes No If YES, Dated Date of original bonds: _____ Provide a schedule of debt service the issuer remains responsible to pay after the refunding.	

FINANCIAL ADVISOR INFORMATION

Financial Advisor Corporation Name:	Address:	
City:	State:	Zip Code:
Financial Advisor Contact Person:	Telephone Number:	E-Mail Address:

VERIFICATION OF DISTRICT SCHOOL BOARD RESOLUTION

For the above-cited issuance of debt obligations, the school board has approved a resolution to bind the school district to the conditions and responsibilities of Minnesota Statutes, section 126C.55. Pursuant to this law, it covenants and obligates itself to notify the Commissioner of the Minnesota Department of Education as soon as possible, but not less than 15 working days prior to the potential default and to use the provisions of this law to guarantee payment of the principal and interest on those debt obligations when due. It also covenants in the resolution to deposit with the Paying Agent three business days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the Commissioner that it will be unable to make all or a portion of that payment. It also agrees to repay the State in the manner provided therein for any amounts paid on its behalf by the State under this statute.

Date of School Board Resolution

Signature – School District Responsible Authority

Date

TO BE COMPLETED BY THE PAYING AGENT

The above Minnesota school district has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, section 126C.55 for an issuance of debt obligations for which the institution specified below has been designated as the Paying Agent.

Name of Paying Agent:			
Address:	City:	State:	Zip Code:
Paying Agent Contact Person:	Title:	Telephone Number:	E-Mail Address:
Paying Agent's Name of Bank and Bank Association Number:		Paying Agent's Bank Account Number:	

PAYING AGENT CERTIFICATION

The Paying Agent acknowledges, understands, and agrees to be bound by the procedures contained in Minnesota Statutes, section 126C.55, Subdivision 7. The Paying Agent is required to inform the Commissioner of the Minnesota Department of Education if it becomes aware of a potential default in the payment of principal or interest on that issue or if, on the day two business days prior to the date a payment is due on that issue, there are insufficient funds to make the payment on deposit with the Paying Agent.

I _____ do hereby certify that I am a _____ duly appointed and acting as such, of the "Paying Agent."

Signature – Paying Agent Authorized Representative

Date

FOR STATE USE ONLY

This certification verifies that the school district named above is issuing debt obligation and participating in the State Credit Enhancement Program established by Minnesota Statutes, section 126C.55 to preclude default of school district debt. The school district has committed itself to the provisions of that law. If the school district is unable to make principal and interest payment on any outstanding debt obligation on the date that payment is due and proper notification has been made according to statute, the Commissioner of Management and Budget shall issue a warrant and authorize the Commissioner of Education to pay the Paying Agent for the debt obligation the specified amount on or before the date due. Issuance of the warrant is dependent upon provisions in Minnesota Statutes, section 126C.55, Subdivision 9.

I hereby commit the State of Minnesota to the provisions of the law cited above for this issuance of debt obligation.

Signature - Commissioner of the Minnesota Department of Education or Designee

Date

March 12, 2015

Pre-Sale Report for

Independent School District No. 191 (Burnsville-
Eagan-Savage), Minnesota

\$65,000,000 General Obligation School Building Bonds,
Series 2015A



Prepared by:

Joel Sutter
Senior Financial Advisor

And

Jeff Seeley
Financial Advisor

Executive Summary of Proposed Debt

Proposed Issue:	\$65,000,000 General Obligation School Building Bonds, Series 2015A
Purposes:	The proposed issue will finance the acquisition and betterment of school sites and facilities as authorized by special election on February 24, 2015.
Authority:	The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475. The Bonds will be general obligations of the District for which its full faith, credit and taxing powers are pledged. Payments will be financed from the District's annual debt service tax levy.
Term/Call Feature:	The Bonds are being issued for a term of 20 years, 9 months. Principal on the Bonds will be due on February 1 in the years 2017 through 2036. Interest is payable every six months beginning February 1, 2016. The Bonds maturing on and after February 1, 2026 will be subject to prepayment at the discretion of the district in February 1, 2025 or any date thereafter.
Bank Qualification:	Because the District is issuing more than \$10,000,000 in tax-exempt obligations during the calendar year, the District will be not able to designate the Bonds as "bank qualified" obligations.
State Credit Enhancement:	By resolution the District will covenant and obligate itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, which provides for payment by the State of Minnesota in the event of a potential default of a school district obligation. To qualify for the credit enhancement, the District must submit an application to the State. Ehlers will coordinate the application process to the State on your behalf. Under current bond ratings, the state credit enhancement would bring a Moody's "Aa2" rating.
Rating:	The District's existing bond issues were rated by Moody's Investors Service. The current ratings on those bonds are "Aa2", for both the state credit-enhanced rating and the District's underlying rating. The District will request a new rating for the Bonds.



Basis for Recommendation:	Based on our knowledge of your situation, your objectives communicated to us, and characteristics of various municipal financing options, we are recommending the issuance of General Obligation School Building Bonds as the most cost-effective method to finance the planned projects. This is also consistent with the District’s long-term vision and plans communicated to the community prior to the February 24 election.
Method of Sale/Placement:	In order to obtain the lowest interest cost to the District, we will solicit competitive bids for purchase of the Bonds from banks and underwriters.
Premium Pricing Structure and Bond Amount:	<p>Under current market conditions, most investors in municipal bonds prefer “premium” pricing structures. A premium is achieved when the coupon for any maturity (the interest rate paid by the issuer) exceeds the yield to the investor, resulting in a price paid that is greater than the face value of the bonds. The sum of the amounts paid in excess of face value is considered “reoffering premium.” The underwriter of the bonds will retain a portion of this reoffering premium as their compensation (or “discount”), but will pay the remainder of the premium to the District.</p> <p>In the attached estimates, we have assumed a par amount of \$65,000,000 with an estimated net premium (the reoffering premium less the underwriter’s discount) of approximately \$840,000. This premium would be deposited in the debt service fund and used to pay a portion of the first year’s interest.</p> <p>On the sale day, we will adjust the amount of the bond issue and the use of funds as needed to comply with the restrictions in statute, and to ensure that the results of the bond issue will comply with the District’s objectives for available funds for construction and tax impact. If the premium paid by the underwriter is substantially larger than our estimates, then we may recommend that a portion of the premium be deposited in the construction fund and the par amount of the bond issue be reduced by that amount.</p>
Review of Existing Debt:	We have reviewed all outstanding indebtedness for the District for potential refunding opportunities. The only issue for which we are considering a refunding at this time is the 2007A Alternative Facilities Bonds. We plan to discuss this opportunity with the administration and Board, and may proceed with a refunding in the spring of 2015. We will continue to monitor and evaluate this opportunity, as well as other refunding prospects, and will advise the administration of potential refunding opportunities.
Continuing Disclosure:	The District will be agreeing to provide certain updated Annual Financial Information and its Audited Financial Statement annually, as well as providing notices of the occurrence of certain “material events” to the Municipal Securities Rulemaking Board (the “MSRB”), as required by rules of the Securities and Exchange Commission (SEC). The District is already obligated to provide such reports for its existing bonds, and has contracted with Ehlers to prepare and file the reports.



<p>Arbitrage Monitoring:</p>	<p>Because the Bonds are tax-exempt securities, the District must ensure compliance with certain Internal Revenue Service (IRS) rules throughout the life of the issue. These rules apply to all gross proceeds of the issue, including initial bond proceeds and investment earnings in construction, escrow, debt service, and any reserve funds. How issuers spend bond proceeds and how they track interest earnings on funds (arbitrage/yield restriction compliance) are common subjects of IRS inquiries. Your specific responsibilities will be detailed in the Nonarbitrage Certificate prepared by your Bond Attorney and provided at closing. We recommend that you regularly monitor compliance with these rules and/or retain the services of a qualified firm to assist you.</p>
<p>Other Service Providers:</p>	<p>This debt issuance will require the engagement of other public finance service providers. This section identifies those other service providers, so Ehlers can coordinate their engagement on your behalf. Where you have previously used a particular firm to provide a service, we have assumed that you will continue that relationship. For services you have not previously required, we have identified a service provider. Fees charged by these service providers will be paid from proceeds of the obligation, unless you notify us that you wish to pay them from other sources. Our pre-sale bond sizing includes a good faith estimate of these fees, but their final fees may vary slightly. If you have any questions pertaining to the identified service providers or their role, or if you would like to use a different service provider for any of the listed services please contact us.</p> <p>Bond Attorney: Knutson, Flynn & Deans, P.A. Paying Agent: Bond Trust Services Corporation Rating Agency: Moody’s Investors Service</p>

This presale report summarizes our understanding of the District’s objectives for the structure and terms of this financing as of this date. As additional facts become known or capital markets conditions change, we may need to modify the structure and/or terms of this financing to achieve results consistent with the District’s objectives.



Proposed Debt Issuance Schedule

Pre-Sale Review by School Board	March 12, 2015
Distribute Official Statement:	Week of March 23, 2015
Conference with Rating Agency:	Week of March 30, 2015
Ehlers Receives and Evaluates Proposals for the Bonds:	April 9, 2015
School Board Meeting to Award Sale of the Bonds:	April 9, 2015
Estimated Closing Date:	May 7, 2015

Attachments

Estimated Sources and Uses of Funds

Estimated Debt Service Schedule

Updated Long-Term Financing Plan for Capital and Debt Levies

Resolution Authorizing Ehlers to Proceed With Bond Sale/Credit Enhancement Resolution (provided separately)

Ehlers Contacts

Financial Advisors:	Joel Sutter	(651) 697-8514
	Jeff Seeley	(651) 697-8585
Disclosure Coordinator:	Jen Chapman	(651) 697-8566
Financial Analyst:	Brian Shannon	(651) 697-8515

The Official Statement for this financing will be mailed to the School Board at their home address or e-mailed for review prior to the sale date.



I.S.D. No. 191 (Burnsville-Eagan-Savage), MN

\$65,000,000 G.O. School Building Bonds, Series 2015A
Assuming GO Non-BQ "Aa2" Market Rates

Sources & Uses

Dated 05/07/2015 | Delivered 05/07/2015

Sources Of Funds

Par Amount of Bonds	\$65,000,000.00
Reoffering Premium	1,164,949.45
Planned Issuer Equity contribution	650,000.00
Total Sources	\$66,814,949.45

Uses Of Funds

Total Underwriter's Discount (0.500%)	325,000.00
Costs of Issuance	171,000.00
Deposit to Capitalized Interest (CIF) Fund	48,602.22
Deposit to Project Construction Fund	64,780,397.78
Deposit to Debt Service Fund (Cash)	650,000.00
Deposit to Debt Service Fund (Premium)	839,949.45
Total Uses	\$66,814,949.45

I.S.D. No. 191 (Burnsville-Eagan-Savage), MN

\$65,000,000 G.O. School Building Bonds, Series 2015A

Assuming GO Non-BQ "Aa2" Market Rates

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
05/07/2015	-	-	-	-	-
02/01/2016	-	-	1,538,551.67	1,538,551.67	1,538,551.67
08/01/2016	-	-	1,049,012.50	1,049,012.50	-
02/01/2017	160,000.00	2.000%	1,049,012.50	1,209,012.50	2,258,025.00
08/01/2017	-	-	1,047,412.50	1,047,412.50	-
02/01/2018	1,140,000.00	2.000%	1,047,412.50	2,187,412.50	3,234,825.00
08/01/2018	-	-	1,036,012.50	1,036,012.50	-
02/01/2019	1,290,000.00	2.000%	1,036,012.50	2,326,012.50	3,362,025.00
08/01/2019	-	-	1,023,112.50	1,023,112.50	-
02/01/2020	1,965,000.00	2.000%	1,023,112.50	2,988,112.50	4,011,225.00
08/01/2020	-	-	1,003,462.50	1,003,462.50	-
02/01/2021	1,700,000.00	2.000%	1,003,462.50	2,703,462.50	3,706,925.00
08/01/2021	-	-	986,462.50	986,462.50	-
02/01/2022	1,730,000.00	2.000%	986,462.50	2,716,462.50	3,702,925.00
08/01/2022	-	-	969,162.50	969,162.50	-
02/01/2023	1,805,000.00	3.000%	969,162.50	2,774,162.50	3,743,325.00
08/01/2023	-	-	942,087.50	942,087.50	-
02/01/2024	1,825,000.00	3.000%	942,087.50	2,767,087.50	3,709,175.00
08/01/2024	-	-	914,712.50	914,712.50	-
02/01/2025	1,855,000.00	3.000%	914,712.50	2,769,712.50	3,684,425.00
08/01/2025	-	-	886,887.50	886,887.50	-
02/01/2026	1,910,000.00	3.000%	886,887.50	2,796,887.50	3,683,775.00
08/01/2026	-	-	858,237.50	858,237.50	-
02/01/2027	1,970,000.00	3.000%	858,237.50	2,828,237.50	3,686,475.00
08/01/2027	-	-	828,687.50	828,687.50	-
02/01/2028	2,075,000.00	3.000%	828,687.50	2,903,687.50	3,732,375.00
08/01/2028	-	-	797,562.50	797,562.50	-
02/01/2029	2,150,000.00	3.500%	797,562.50	2,947,562.50	3,745,125.00
08/01/2029	-	-	759,937.50	759,937.50	-
02/01/2030	2,755,000.00	3.500%	759,937.50	3,514,937.50	4,274,875.00
08/01/2030	-	-	711,725.00	711,725.00	-
02/01/2031	4,835,000.00	3.500%	711,725.00	5,546,725.00	6,258,450.00
08/01/2031	-	-	627,112.50	627,112.50	-
02/01/2032	4,885,000.00	3.500%	627,112.50	5,512,112.50	6,139,225.00
08/01/2032	-	-	541,625.00	541,625.00	-
02/01/2033	5,495,000.00	3.500%	541,625.00	6,036,625.00	6,578,250.00
08/01/2033	-	-	445,462.50	445,462.50	-
02/01/2034	8,135,000.00	3.500%	445,462.50	8,580,462.50	9,025,925.00
08/01/2034	-	-	303,100.00	303,100.00	-
02/01/2035	8,515,000.00	3.500%	303,100.00	8,818,100.00	9,121,200.00
08/01/2035	-	-	154,087.50	154,087.50	-
02/01/2036	8,805,000.00	3.500%	154,087.50	8,959,087.50	9,113,175.00
Total	\$65,000,000.00	-	\$33,310,276.67	\$98,310,276.67	-

Yield Statistics

Bond Year Dollars	\$985,251.67
Average Life	15.158 Years
Average Coupon	3.3808902%
Net Interest Cost (NIC)	3.2956379%
True Interest Cost (TIC)	3.2516762%
Bond Yield for Arbitrage Purposes	3.2035114%
All Inclusive Cost (AIC)	3.2740613%

IRS Form 8038

Net Interest Cost	3.2175311%
Weighted Average Maturity	15.100 Years

Proposed 2015A GO Sch Bld | SINGLE PURPOSE | 3/ 4/2015 | 8:57 AM



Burnsville School District No. 191
Financing Plan for Capital and Debt Levies

Estimates Prior to Bond Sale

\$65,000,000 Building Bonds
Wrap Around Bond Structure
20+ Year Term (20 Tax Levies)
\$2.5 Million Technology Levy

March 4, 2015

	Building Bonds
Principal Amount:	\$65,000,000
Dated Date:	5/7/2015
Avg. Interest Rate:	3.25%

Levy Pay. Year	Fiscal Year	Tax Capacity Value* (\$000s)	Rate	Debt Service Levies - Existing Bonds**					Other Levies		Proposed Technology Levy#	Potential Building Bonds				Alt. Fac. Non-Bond Levy	Combined Totals				
				Building Bonds	Alt.Fac. Bonds	OPEB Bonds	Est. Debt Excess+	Net Levy	Tax Rate	Lease Levy		Health & Safety	Principal	Interest	Add'l Debt Excess+		Debt Levy	Debt Service Levies	Other Levies	Total Levies	Tax Rate
2014	2015	56,361	6.8%	4,693,409	3,840,671	1,664,408	(56,704)	10,141,784	17.99	788,611	505,207	-	-	-	-	-	10,141,784	1,293,818	11,435,602	20.29	
2015	2016	61,434	9.0%	4,606,046	3,838,569	1,663,095	(415,097)	9,692,613	15.78	798,156	479,456	-	1,538,552	++	-	1,200,000	9,692,613	2,477,612	12,170,225	19.81	
2016	2017	63,277	3.0%	4,604,933	3,835,419	1,665,195	(58,425)	10,047,122	15.88	798,156	479,456	2,500,000	160,000	2,098,025	-	2,370,926	12,418,048	3,777,612	16,195,660	25.59	
2017	2018	65,175	3.0%	-	6,864,984	1,669,395	(601,885)	7,932,494	12.17	798,156	479,456	2,575,000	1,140,000	2,094,825	-	3,396,566	11,329,060	5,352,612	16,681,672	25.60	
2018	2019	67,130	3.0%	-	7,056,557	1,683,045	(517,300)	8,222,302	12.25	798,156	479,456	2,652,250	1,290,000	2,072,025	-	3,530,126	11,752,428	5,429,862	17,182,290	25.60	
2019	2020	69,144	3.0%	-	6,960,560	1,688,006	(528,892)	8,119,674	11.74	798,156	479,456	2,731,818	1,965,000	2,046,225	(141,205)	4,070,581	12,190,256	5,509,430	17,699,685	25.60	
2020	2021	69,144	0.0%	-	7,219,858	1,685,906	(524,787)	8,380,977	12.12	798,156	479,456	2,813,772	1,700,000	2,006,925	(162,823)	3,729,448	12,110,425	5,591,384	17,701,809	25.60	
2021	2022	69,144	0.0%	-	7,226,683	1,676,194	(535,239)	8,367,637	12.10	798,156	479,456	2,813,772	1,730,000	1,972,925	(149,178)	3,738,893	12,106,531	5,591,384	17,697,915	25.60	
2022	2023	69,144	0.0%	-	7,177,326	1,687,809	(534,705)	8,330,430	12.05	798,156	479,456	2,813,772	1,805,000	1,938,325	(149,556)	3,780,936	12,111,366	5,591,384	17,702,750	25.60	
2023	2024	69,144	0.0%	-	7,214,332	1,684,699	(533,217)	8,365,814	12.10	798,156	479,456	2,813,772	1,825,000	1,884,175	(151,237)	3,743,396	12,109,210	5,591,384	17,700,594	25.60	
2024	2025	69,144	0.0%	-	7,239,721	1,683,216	(534,633)	8,388,304	12.13	798,156	479,456	2,813,772	1,855,000	1,829,425	(149,736)	3,718,910	12,107,215	5,591,384	17,698,599	25.60	
2025	2026	69,144	0.0%	-	7,243,869	1,679,409	(535,532)	8,387,746	12.13	798,156	479,456	2,813,772	1,910,000	1,773,775	(148,756)	3,719,207	12,106,953	5,591,384	17,698,337	25.60	
2026	2027	69,144	0.0%	-	7,240,083	1,682,264	(535,510)	8,386,838	12.13	798,156	479,456	2,813,772	1,970,000	1,716,475	(148,768)	3,722,030	12,108,868	5,591,384	17,700,252	25.60	
2027	2028	69,144	0.0%	-	7,204,050	1,675,439	(535,474)	8,344,016	12.07	798,156	479,456	2,813,772	2,075,000	1,657,375	(148,881)	3,770,113	12,114,128	5,591,384	17,705,512	25.61	
2028	2029	69,144	0.0%	-	7,184,061	1,680,230	(533,761)	8,330,530	12.05	798,156	479,456	2,813,772	2,150,000	1,595,125	(150,805)	3,781,577	12,112,106	5,591,384	17,703,490	25.60	
2029	2030	69,144	0.0%	-	8,310,264	-	(533,221)	7,777,043	11.25	798,156	479,456	2,813,772	2,755,000	1,519,875	(151,263)	4,337,356	12,114,399	5,591,384	17,705,783	25.61	
2030	2031	69,144	0.0%	-	3,320,625	-	(511,082)	2,809,543	4.06	798,156	479,456	2,813,772	4,835,000	1,423,450	(173,494)	6,397,878	9,207,422	5,591,384	14,798,806	21.40	
2031	2032	69,144	0.0%	-	3,333,750	-	(312,382)	3,021,368	4.37	798,156	479,456	2,813,772	4,885,000	1,254,225	(255,915)	6,190,271	9,211,639	5,591,384	14,803,023	21.41	
2032	2033	69,144	0.0%	-	2,866,500	-	(320,855)	2,545,645	3.68	798,156	479,456	2,813,772	5,495,000	1,083,250	(247,611)	6,659,552	9,205,197	5,591,384	14,796,581	21.40	
2033	2034	69,144	0.0%	-	-	-	-	-	-	798,156	479,456	2,813,772	8,135,000	890,925	(266,382)	9,210,839	9,210,839	5,591,384	14,802,223	21.41	
2034	2035	69,144	0.0%	-	-	-	-	-	-	798,156	479,456	2,813,772	8,515,000	606,200	(368,434)	9,208,826	9,208,826	5,591,384	14,800,210	21.40	
2035	2036	69,144	0.0%	-	-	-	-	-	-	798,156	479,456	2,813,772	8,805,000	308,175	(368,353)	9,200,481	9,200,481	5,591,384	14,791,865	21.39	
Totals				13,904,387	115,177,882	25,168,310	(8,658,699)	145,591,880	17,549,887	10,573,783	55,479,420	65,000,000	33,310,277	(3,332,398)	98,277,914	29,700,000	243,869,793	113,303,090	357,172,883		

* Tax capacity value for taxes payable in 2014 is the actual figure used for calculating final tax rates, and the value for 2015 is based on preliminary data from Dakota County. Estimates for future years are based on estimated percentage changes shown above.
** Initial debt service levies (prior to subtracting debt excess) are set at 105 percent of the principal and interest payments during the next fiscal year.
+ The debt excess levy reductions for taxes payable in 2014 and 2015 are based on actual fund balances and levy amounts. For taxes payable in 2017 and later years, debt excess is estimated at 4 percent of the prior year's debt levy.
These estimates assume that the proposed technology levy (capital project levy) would be renewed at the same tax rate when it expires after ten years.
++ The district would not qualify to make a tax levy for payments on the new bond issue due during fiscal year 2016. Those payments, estimated at \$1,538,552, would have to be made from funds on hand or bond proceeds.

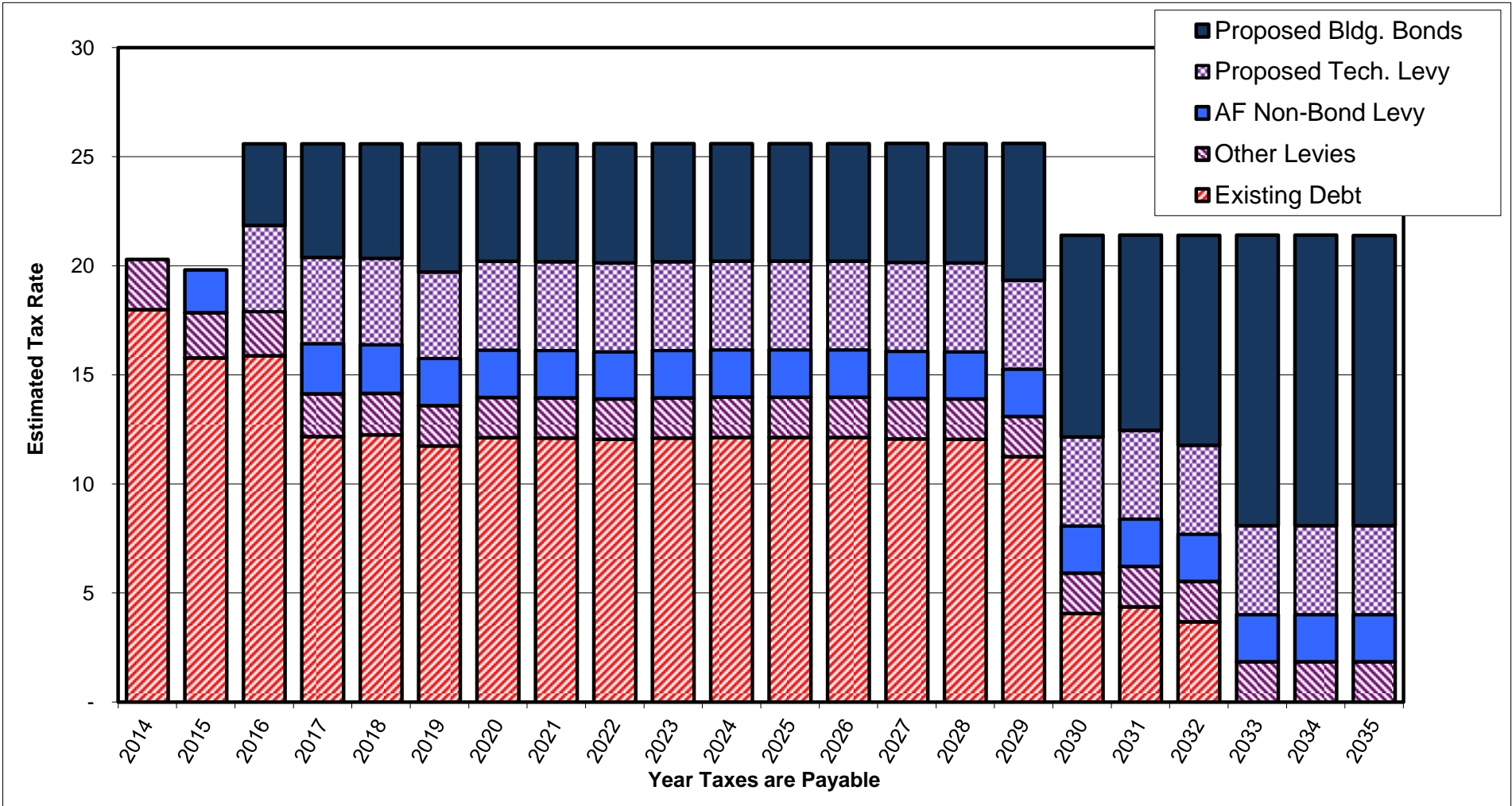
98

Burnsville School District No. 191
Estimated Tax Rates for Capital and Debt Service Levies

Estimates Prior to Bond Sale

\$65,000,000 Building Bonds
Wrap Around Bond Structure
20+ Year Term (20 Tax Levies)
\$2.5 Million Technology Levy
 Date Prepared: March 4, 2015

78



General Fund Budget Comparative Summary

	A	B	C	D	E	F	G
	Actual Results 2011-12	Actual Results 2012-13	Actual Results 2013-14	Adopted Budget 2014-15	Revised Budget 2014-15	Projected 2015-16	Projected 2016-17
Total Beginning Fund Balance	\$ 17,541,406	\$ 21,722,281	\$ 23,513,831	\$ 21,960,591	\$ 21,960,591	\$ 17,558,101	\$ 15,385,928
Revenues	110,320,643	112,117,128	114,626,638	115,657,087	116,289,398	116,665,661	117,165,661
Expenditures	106,139,768	110,325,578	116,179,878	120,295,546	120,691,888	118,837,834	119,694,253
Variance (Revenues - Expenditures)	4,180,875	1,791,550	(1,553,240)	(4,638,459)	(4,402,490)	(2,172,173)	(2,528,592)
Total Ending Fund Balance	<u>\$ 21,722,281</u>	<u>\$ 23,513,831</u>	<u>\$ 21,960,591</u>	<u>\$ 16,004,279</u>	<u>\$ 17,558,101</u>	<u>\$ 15,385,928</u>	<u>\$ 12,857,337</u>
Breakdown of Fund Balance Categories							
Nonspendable	\$ 189,006	\$ 270,695	\$ 256,197	\$ 270,695	\$ 256,197	\$ 256,197	\$ 256,197
Restricted	3,562,528	3,867,464	3,633,869	2,175,445	2,741,636	2,000,000	2,000,000
Committed	2,519,534	1,903,201	2,067,348	973,635	1,483,026	1,250,000	1,000,000
Unassigned	15,451,213	17,472,471	16,003,177	12,584,504	13,077,242	11,879,731	9,601,140
Total Ending Fund Balance	<u>\$ 21,722,281</u>	<u>\$ 23,513,831</u>	<u>\$ 21,960,591</u>	<u>\$ 16,004,279</u>	<u>\$ 17,558,101</u>	<u>\$ 15,385,928</u>	<u>\$ 12,857,337</u>
Unassigned Fund Balance %	14.56%	15.84%	13.77%	10.46%	10.84%	10.00%	8.02%
General Education Formula	5,174	5,224	5,302	5,806	5,806		

Expenditure Freeze (1,104,721)

Revenue Growth on Formula	500,000	500,000
Expenditure rollup percentage 3.75%	4,525,945.80	4,456,418.77
Possible Reductions	(6,380,000)	(3,600,000)
	<u>(1,854,054)</u>	<u>856,419</u>

DRAFT



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAAconnect.com

December 1, 2014

School Board
Independent School District No. 191
Burnsville-Eagan-Savage Schools
Burnsville, Minnesota

This Executive Audit Summary and Management Report presents information which we believe is important to you as members of the school board. We encourage you to review the sections of this report, the audited financial statements and the auditors' reports.

We would be pleased to furnish additional information with respect to these suggestions and discuss this memorandum with you at your convenience. We wish to express our appreciation to the District for the courtesies, cooperation and assistance extended to us during the course of our work.

CliftonLarsonAllen LLP

Dennis Hoogeveen, CPA
Principal

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191**

EXECUTIVE AUDIT SUMMARY (EAS)

JUNE 30, 2014

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
TABLE OF CONTENTS
JUNE 30, 2014**

EXECUTIVE AUDIT SUMMARY	1
I. FINANCIAL RESULTS	
FUND BALANCES	4
FUND BALANCES OF THE GENERAL FUND	6
STUDENTS SERVED FOR AID	7
APPENDIX A	
FINANCIAL TRENDS OF YOUR DISTRICT	8
APPENDIX B	
EXPENDITURES PER STUDENT (ADM) SERVED	16
APPENDIX C	
LEGISLATIVE ACTIVITY	17
APPENDIX D	
TECHNICAL UPDATE	19
APPENDIX E	
FORMAL REQUIRED COMMUNICATIONS	23
APPENDIX F	
INDEPENDENT AUDITORS' REPORT ON CONDENSED FINANCIAL STATEMENTS INCLUDED HEREIN	28

**EXECUTIVE AUDIT SUMMARY (EAS)
FOR
BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
YEAR ENDED JUNE 30, 2014**

We prepared this Executive Audit Summary and Management Report in conjunction with our audit of the District's financial records for the year ended June 30, 2014.

Audit Opinion – The financial statements are fairly stated. We issued what is known as an “unmodified” audit report.

Yellow Book Compliance Findings – No compliance issues were noted in our review of laws, regulations, contracts and grants that could have significant financial implications to the District.

Internal Controls Over Financial Reporting – No “material weaknesses” in internal controls over financial reporting were noted.

Single Audit – There were no findings reported in regard to the requirements for the major federal programs tested.

Legal Compliance – No compliance issues were reported with respect to Minnesota Statutes.

Fund Balance – The District's General Fund unassigned fund balance decreased by \$1,469,294 during fiscal 2013-2014, changing from a balance of \$17,472,471 to a balance of \$16,003,177 at June 30, 2014. Total fund balance of the General Fund decreased by \$1,553,240, ending at \$21,960,591 as of June 30, 2014. The ending unassigned fund balance represents a balance of 13.77% of General Fund expenditures. A District's fund balance is an important aspect in considering the District's financial well being since a healthy fund balance represents things such as cashflow, as a cushion against unanticipated expenditures, enrollment declines, funding deficiencies, state aid metering changes and aid prorations at the state level and similar problems.

Enrollment – For fiscal 2013-2014, Burnsville-Savage-Eagan Public Schools served an estimated total adjusted average daily membership of 9,468.67 (or 10,864.36 adjusted pupil units). For fiscal 2012-2013, Burnsville-Savage-Eagan Public Schools had served total adjusted average daily membership of 9,576.40 (or 10,976.75 adjusted pupil units).

Budget to Actual – Total revenues on a net basis in the General Fund were \$1,884,412 (or 1.7%) higher than the final budgeted amount while total expenditures on a net basis were \$811,855 (or 0.7%) higher than had been budgeted. Including other financing sources of \$245,297 (insurance recovery proceeds), the net effect was a decrease to total fund balance that was approximately \$1.3 million less than had been reflected in the District's final amended budget. On a budget this large, the expenditure variances reflect good budgeting, monitoring and outcomes.

Non-public Consultation – During our testing we noted that documentation was only kept for the consultation that took place for one of the two private schools. CLA recommends that they keep all documentation relating to compliance requirements.

User Access Rights – During our review of the District's employee user access rights, it was noted that personnel rights for screens outside of their department have been appropriately limited; however, some personnel within the finance department continue to have more access to the finance system than is necessary for their position. We recommend that the School District review its list of user access rights and limit employees' access to only the modules necessary for their position and allow them read-only access to the other modules.

Approval of Employee Expense Reimbursements – During our testing of employee expense reimbursements we noted that the Executive Director of Business Services was signing off as the approver of the Superintendent’s expense reimbursement. CLA recommends that someone at least one level above approve employee expense reimbursements, therefore, we recommend that someone from the board be approving it for the Superintendent.

Journal Entry Review – During our review of journal entries and journal entry procedures we noted that there is no formal process for journal entries that are posted by accounting staff. We recommend that all journal entries be reviewed and signed off on, which can be done in batch form.

Employee Receipts – During our testing of general disbursements, we noted that not all receipts were received from employees using District credit cards. Through discussion with District staff, the procedures do require supporting receipts for transactions, therefore, we recommend the procedures be re-communicated and enforced with cardholders.

Statement of Net Position

The Statement of Net Position essentially tells you what your District owns and owes at a given point in time, the last day of the fiscal year. Theoretically, net position represents the resources the District has leftover to use for providing services after its debts are settled. However, those resources are not always in expendable form, or there may be restrictions on how some of those resources can be used. Therefore, the statement divides the net position into three components: net investment in capital assets, restricted net position, and unrestricted net position. The following table presents components of the District’s net position at year-end, along with a simplified reconciliation of the difference between the governmental fund balances and total net position:

	As of June 30,	
	2014	2013
Total Fund Balance for Governmental Funds	\$ 37,876,822	\$ 47,320,723
Capital Assets, Less Accumulated Depreciation	109,666,496	107,549,764
Long-Term Liabilities	(108,239,884)	(114,538,349)
Other - Net	18,882,697	19,085,714
Total Net Position - Governmental Activities	<u>\$ 58,186,131</u>	<u>\$ 59,417,852</u>
Net Position:		
Net Investment in Capital Assets	\$ 30,452,283	\$ 30,342,438
Restricted	5,749,042	6,159,342
Unrestricted	21,984,806	22,916,072
Total Net Position - Governmental Activities	<u>\$ 58,186,131</u>	<u>\$ 59,417,852</u>

Most of the District’s fund balances translate into restricted net position by virtue of external restrictions (statutory reserves) or by the nature of the fund they are in (e.g. restricted for food service fund balance can only be spent for food service program costs). The unrestricted net position category consists mainly of the General Fund unrestricted fund balances, offset against non-capital long-term obligations such as vacation or severance payable.

Statement of Activities

The Statement of Activities tracks the District's yearly revenues and expenses, as well as any other transactions that increase or reduce total net position. These amounts represent the full cost of providing education. This statement provides a more comprehensive measure than just the amount of cash that changed hands, as reflected in the fund-based financial statements. This statement includes the cost of supplies used, depreciation of long-lived capital assets, and other accrual-based expenses. The following table presents a simplified reconciliation of the change in the District's governmental fund balances to the change in total net position for fiscal years 2014 and 2013:

	Year Ended June 30,	
	2014	2013
Net Change in Fund Balance - Total Governmental Funds	\$ (9,443,901)	\$ 12,686,201
Capital Asset Purchases	8,496,560	7,028,298
Depreciation	(6,379,479)	(6,280,155)
Debt Proceeds	-	(16,910,000)
Repayment of Debt	5,396,721	4,838,442
Change in Other Long-Term Liabilities	531,060	(104,444)
Change in Net Position of Internal Service Funds	430,239	318,963
Other - Net	533,913	104,174
Change in Net Position - Governmental Activities	<u>\$ (434,887)</u>	<u>\$ 1,681,479</u>

I. FINANCIAL RESULTS

Fund Balances

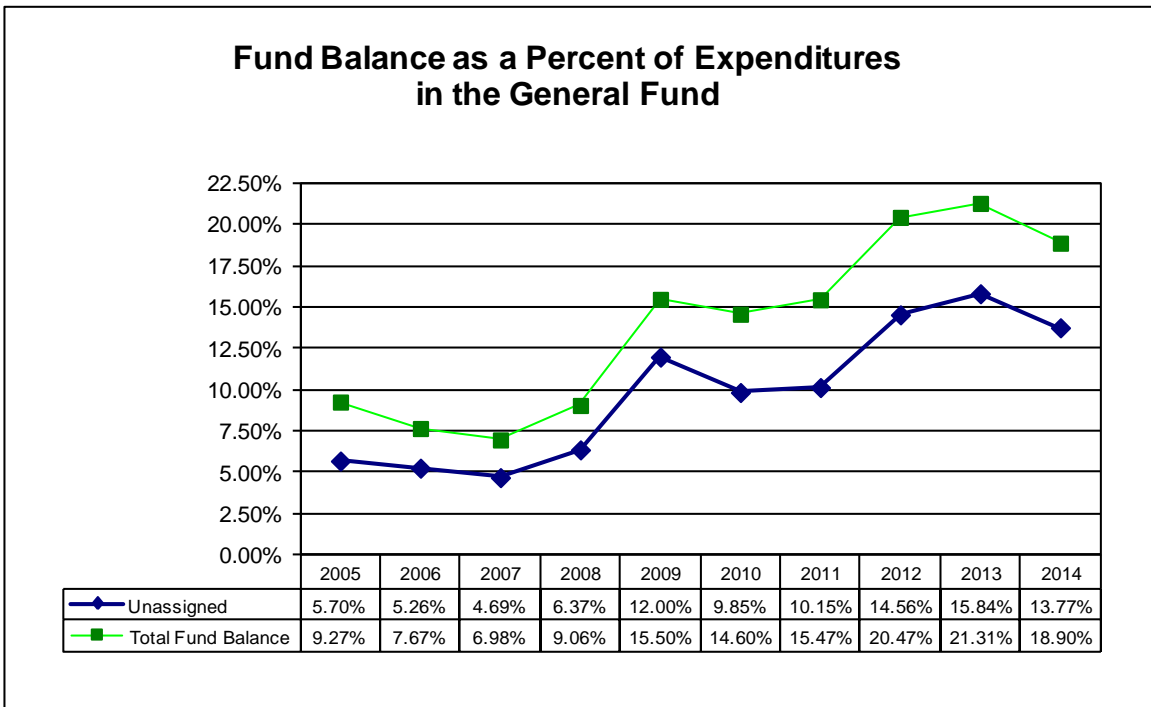
ISD #191 - BURNSVILLE-EAGAN-SAVAGE AUDITED FUND BALANCES THROUGH JUNE 30, 2014 (UFARS basis)

FUND DESCRIPTION	6/30/2013 AUDITED BALANCE	2013-14 AUDITED REVENUES	2013-14 AUDITED EXPENDITURES	2013-14 APPROVED TRANSFER	6/30/2014 AUDITED BALANCE
GENERAL FUND					
A. UNASSIGNED	\$17,472,471	\$92,637,693	\$92,233,405	(\$1,873,582)	\$16,003,177
B. NONSPENDABLE FOR PREPAIDS	\$270,695	\$0	\$14,498	\$0	\$256,197
B. NONSPENDABLE	\$270,695	\$0	\$14,498	\$0	\$256,197
C. COMMITTED FOR PROGRAM CARRYOVER PRO PAY PROGRAM	\$1,034,290 \$868,911	\$337,344 \$2,950,403	\$0 \$3,123,600	\$0 \$0	\$1,371,634 \$695,714
C. COMMITTED	\$1,903,201	\$3,287,747	\$3,123,600	\$0	\$2,067,348
D. RESTRICTED FOR GIFTED AND TALENTED CAREER AND TECH PROGRAM LEARNING AND DEVELOPMENT BASIC SKILLS STAFF DEVELOPMENT AREA LEARNING CENTER SAFE SCHOOLS OPERATING CAPITAL HEALTH & SAFETY	\$0 \$0 \$0 \$58,254 \$0 \$2,659,998 \$0 \$1,149,212 \$0	\$130,690 \$207,923 \$2,247,819 \$7,587,675 \$1,154,863 \$3,437,313 \$368,290 \$3,109,198 \$457,427	\$577,216 \$543,129 \$2,293,580 \$7,588,914 \$2,097,741 \$3,518,608 \$440,369 \$3,225,427 \$523,391	\$446,526 \$335,206 \$45,761 \$0 \$942,878 \$0 \$72,079 \$0 \$31,132	\$0 \$0 \$0 \$57,015 \$0 \$2,578,703 \$0 \$1,032,983 (\$34,832)
D. RESTRICTED	\$3,867,464	\$18,701,198	\$20,808,375	\$1,873,582	\$3,633,869
BUDGET		\$112,496,929	\$115,368,023	\$0	\$20,642,737
TOTAL GENERAL FUND	\$23,513,831	\$114,626,638	\$116,179,878	\$0	\$21,960,591
DIFFERENCE		\$2,129,709	\$811,855		\$1,317,854
% VARIANCE		1.89%	0.70%		
FOOD SERVICE					
NONSPENDABLE FOR INVENTORY RESTRICTED FOR FOOD SERVICE	\$22,033 \$1,076,653	\$4,951 \$5,226,812	\$0 \$4,934,679	\$0 \$0	\$26,984 \$1,368,786
BUDGET		\$4,889,425	\$4,826,683		\$1,161,428
TOTAL FOOD SERVICE	\$1,098,686	\$5,231,763	\$4,934,679	\$0	\$1,395,770
DIFFERENCE		\$342,338	\$107,996		\$234,342
% VARIANCE		7.00%	2.24%		
COMMUNITY EDUCATION					
A. RESTRICTED FOR REGULAR COMMUNITY ED EARLY CHILDHOOD FAMILY ED SCHOOL READINESS ADULT BASIC EDUCATION OTHER PURPOSES	\$914,732 \$78,669 \$15,221 \$0 \$34,095	\$4,182,642 \$505,367 \$189,743 \$533,695 \$131,701	\$4,530,764 \$485,669 \$126,381 \$610,818 \$126,363	(\$71,805) \$0 \$0 \$77,123 (\$5,318)	\$494,805 \$98,367 \$78,583 \$0 \$34,115
BUDGET		\$5,042,218	\$5,186,439	\$0	\$898,496
TOTAL COMMUNITY EDUCATION	\$1,042,717	\$5,543,148	\$5,879,995	\$0	\$705,870
DIFFERENCE		\$500,930	\$693,556		(\$192,626)
% VARIANCE		9.93%	13.37%		
CAPITAL PROJECTS FUND					
A. RESTRICTED FOR ALTERNATIVE FACILITIES PROGRAM	\$19,694,156	\$21,592	\$7,425,642		\$12,290,106
BUDGET		\$25,000	\$12,835,540		\$6,883,616
TOTAL CAPITAL PROJECTS	\$19,694,156	\$21,592	\$7,425,642	\$0	\$12,290,106
DIFFERENCE		(\$3,408)	(\$5,409,898)		\$5,406,490
% VARIANCE		-13.63%	-42.15%		
DEBT SERVICE					
A. RESTRICTED FOR OPERATING OPEB BOND DEBT SERVICE	\$1,757,734 \$213,599	\$7,923,480 \$1,643,179	\$8,428,857 \$1,584,650		\$1,252,357 \$272,128
BUDGET		\$9,513,196	\$10,016,955		\$1,467,574
TOTAL DEBT SERVICE	\$1,971,333	\$9,566,659	\$10,013,507	\$0	\$1,524,485
DIFFERENCE		\$53,463	(\$3,448)		\$56,911
% VARIANCE		0.56%	-0.03%		
INTERNAL SERVICE FUNDS					
DENTAL SELF-INSURANCE HEALTH BENEFITS SELF-INSURANCE SEVERANCE BENEFITS OTHER POST-EMPLOYMENT BENEFITS	\$341,536 \$2,136,880 \$2,674,718 \$14,654,314	\$903,935 \$17,140,505 \$8,595 \$682,912	\$911,923 \$16,567,677 (\$215,598) \$1,041,706		\$333,548 \$2,709,708 \$2,898,911 \$14,295,520
TOTAL INTERNAL SERVICE FUNDS	\$19,807,448	\$18,735,947	\$18,305,708	\$0	\$20,237,687
TRUST FUNDS					
EMPLOYEE BENEFITS TRUST FUND PRIVATE-PURPOSE TRUST FUND	\$135,123 \$83,317	\$722,789 \$72,927	\$768,210 \$59,313		\$89,702 \$96,931
TOTAL TRUST FUNDS	\$218,440	\$795,716	\$827,523		\$186,633

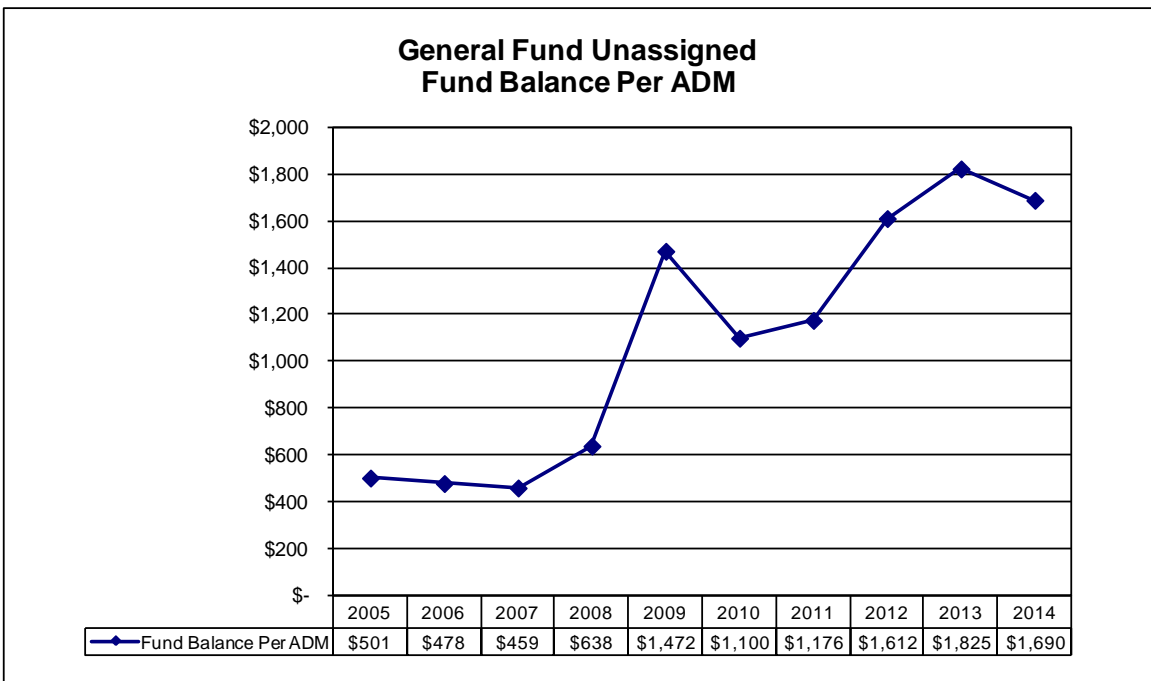
I. FINANCIAL RESULTS (CONTINUED)

Fund Balances (Continued)

As a percentage of annual expenditures:



Per student served for aid.

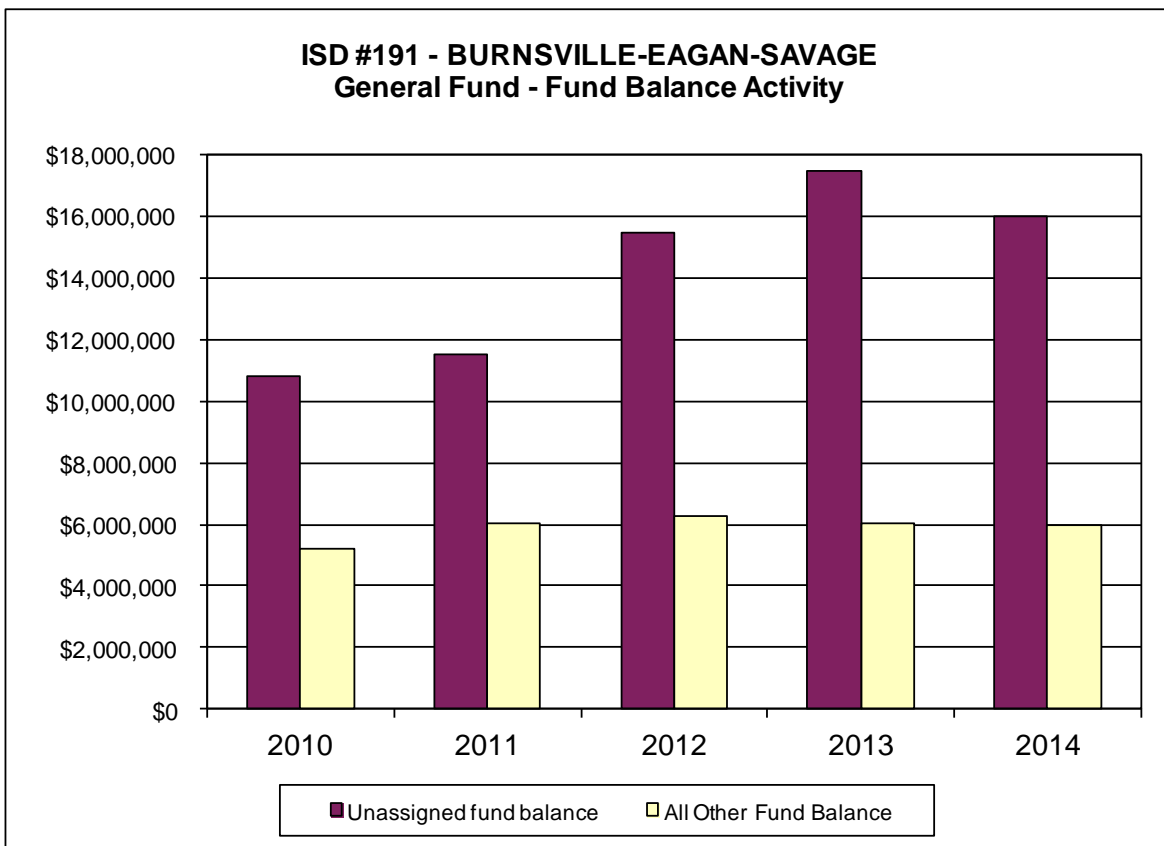


I. FINANCIAL RESULTS (CONTINUED)

Fund Balances of the General Fund

Unless otherwise noted, all graphs and charts reflect the combined activity of the District's General Fund.

<u>UFARS Basis</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Unassigned Fund Balance	\$ 10,820,200	\$ 11,508,180	\$ 15,451,213	\$ 17,472,471	\$ 16,003,177
All Other Fund Balance	5,212,773	6,033,226	6,271,068	6,041,360	5,957,414
Total Fund Balance	<u>\$ 16,032,973</u>	<u>\$ 17,541,406</u>	<u>\$ 21,722,281</u>	<u>\$ 23,513,831</u>	<u>\$ 21,960,591</u>
Total Expenditures	<u>\$ 109,846,644</u>	<u>\$ 113,377,017</u>	<u>\$ 106,139,763</u>	<u>\$ 110,325,578</u>	<u>\$ 116,179,878</u>
Unassigned Fund Balance as a % of Total Expenditures	<u>9.85%</u>	<u>10.15%</u>	<u>14.56%</u>	<u>15.84%</u>	<u>13.77%</u>



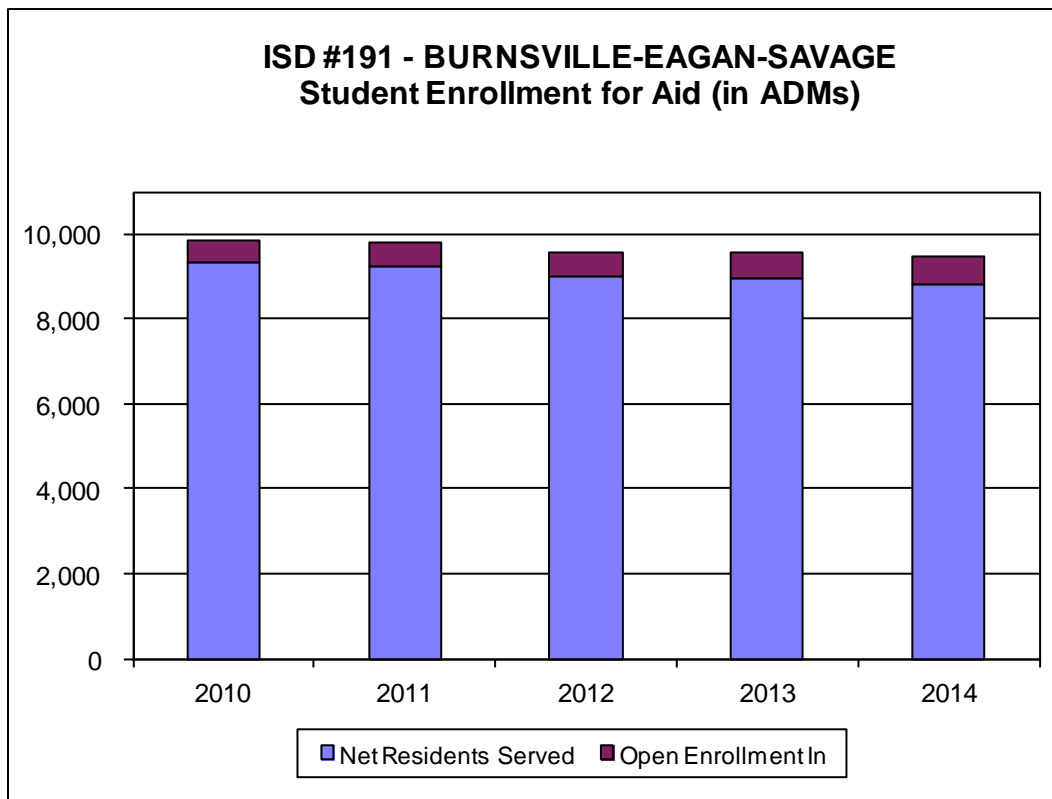
As reflected in the graph above, the District has been able to reestablish financial strength through cost cutting measures and through community support for the operating referendum.

I. FINANCIAL RESULTS (CONTINUED)

Students Served for Aid

	2010	2011	2012	2013	2014
Total Residents	10,476.01	10,502.62	10,402.10	10,452.71	10,489.52
Open Enrollment Out *	(1,140.69)	(1,254.32)	(1,382.10)	(1,498.23)	(1,656.60)
Net Residents Served	9,335.32	9,248.30	9,020.00	8,954.48	8,832.92
Open Enrollment In	503.41	537.72	565.34	621.92	635.75
Net ADM Served	9,838.73	9,786.02	9,585.34	9,576.40	9,468.67
Net Pupil Units Served	11,410.38	11,308.18	11,068.65	10,976.75	10,864.36

* - includes enrolled in charter schools



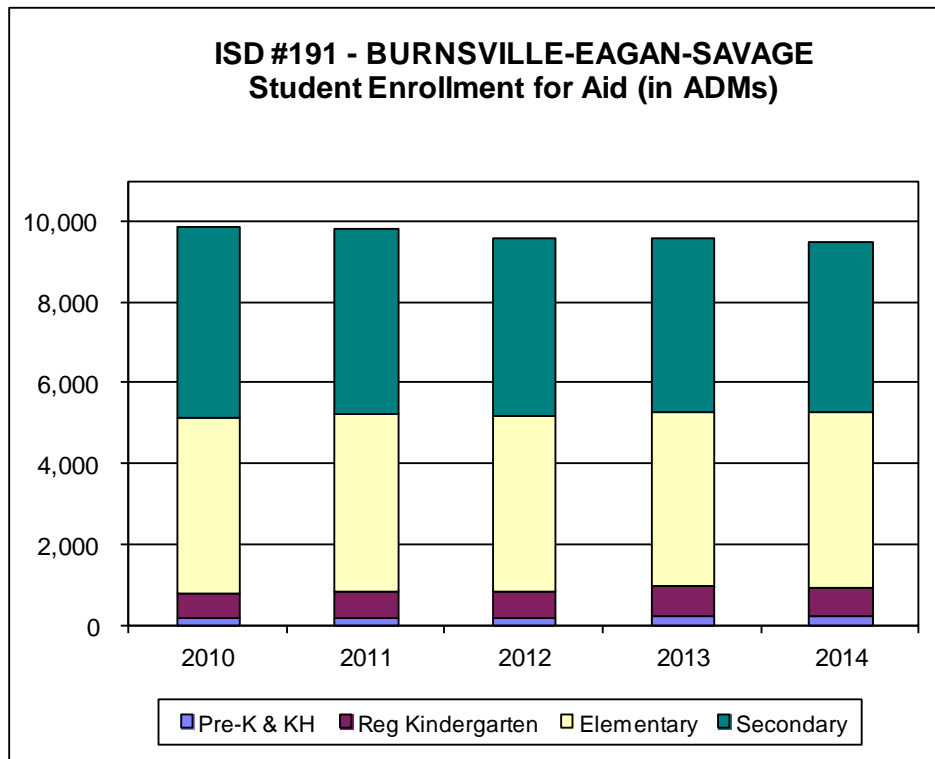
As reflected in the above chart and graph, the District's net open enrollment, which had remained fairly constant, saw significant increases in the net open enrollment out for the past few fiscal years.

APPENDIX A

FINANCIAL TRENDS OF YOUR DISTRICT

Within this report there are a number of areas where condensed financial statement data has been presented. The last page of this document (Appendix E) contains an Independent Auditors' Report on Condensed Financial Statements Included Herein that should be considered when reading such condensed information. Also, the District adopted the provisions of Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of and for the year ended June 30, 2011. The prior year fund balance information has been presented using these new fund balance categories for comparative analysis only.

Student Enrollment

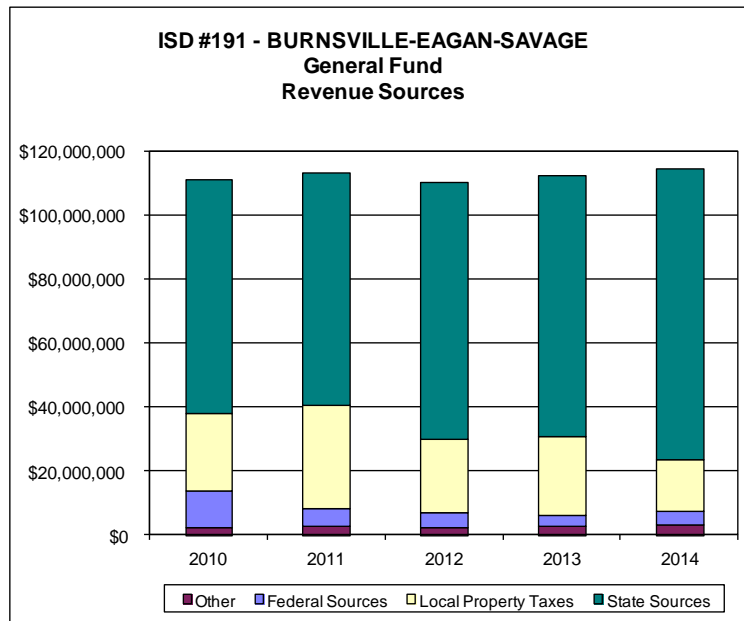


	2010	2011	2012	2013	2014
Pre-K & KH	148.72	160.89	156.48	211.41	190.55
Reg Kindergarten	635.37	674.43	653.63	768.30	730.68
Elementary	4,356.99	4,387.32	4,364.45	4,294.96	4,322.64
Secondary	4,697.65	4,563.38	4,410.78	4,301.73	4,224.80
Net ADM Served	<u>9,838.73</u>	<u>9,786.02</u>	<u>9,585.34</u>	<u>9,576.40</u>	<u>9,468.67</u>
Percent Change	-1.23%	-0.54%	-2.05%	-0.09%	-1.12%

As noted in the above chart, the District's student count for fiscal 2013-2014 was 108 students (or 1.12%) lower than for the prior year which was due mostly to open enrollment.

General Fund Revenue

The following table and graph summarizes the District's General Fund Revenue sources for the last five years.



The table below illustrates the fluctuation that occurs between the taxes and state aid categories based on legislative activity. The Legislature determines what portion of the general education funding formula will be paid by local taxpayers. In addition, when the tax shift percentage changes or the state provides property tax relief, this only impacts the mix between state aids and taxes and does not change total revenue. For example, in fiscal 2011, the MDE shifted a total of approximately \$8.6 million of the payable 2011 property tax receipts for the General and Community Service Funds, allowing such amounts to be recognized as taxes in fiscal 2011 rather than fiscal 2012, and giving the appearance of a significant increase in taxes for 2011. This tax shift was then reversed in fiscal 2014. For this and other reasons, school finance in Minnesota continues to be a very difficult subject to explain to the general public.

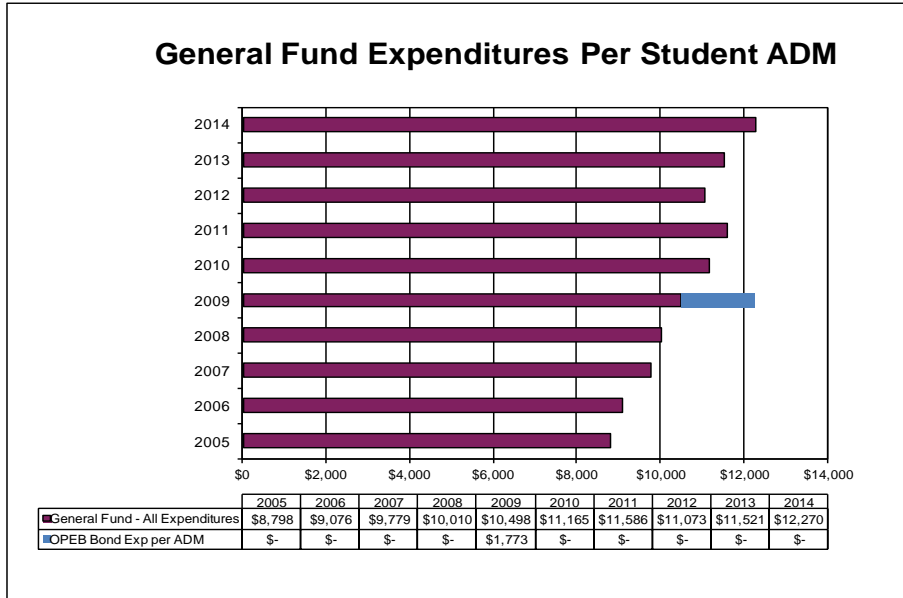
	2010	2011	2012	2013	2014
Local Property Taxes	\$ 24,098,279 *	\$ 32,487,487 *	\$ 22,730,154	\$ 24,610,109	\$ 15,949,634
State Sources	73,029,271	72,456,484	80,263,558	81,229,337	90,985,769
Federal Sources	11,379,936	5,547,251	4,849,495	3,438,114	4,326,228
Other	2,245,046	2,546,809	2,214,800	2,803,851	3,119,710
Total Revenues	\$ 110,752,532	\$ 113,038,031	\$ 110,058,007	\$ 112,081,411	\$ 114,381,341

	2010	2011	2012	2013	2014
Local Property Taxes	21%	29%	21%	22%	14%
State Sources	66%	64%	73%	72%	80%
Federal Sources	10%	5%	4%	3%	4%
Other	2%	2%	2%	3%	3%
Total Revenues	100%	100%	100%	100%	100%

- The large increase in taxes in 2011 compared to 2010 is not due to a large levy increase, but rather relates primarily to the tax shift whereby the State withholds state aid payments but instructs school districts to advance recognize tax revenue to offset the aid withheld. In 2011, the District advance recognized \$8,132,868 of tax revenue in the General Fund due to the tax shift prescribed by the State of Minnesota. A corresponding state aid revenue reduction was recognized, resulting in the change in percentage of revenue. Without this advance recognition, tax revenue would have been \$24,354,619, comparable to the prior year and representing 21.5% of total revenue.

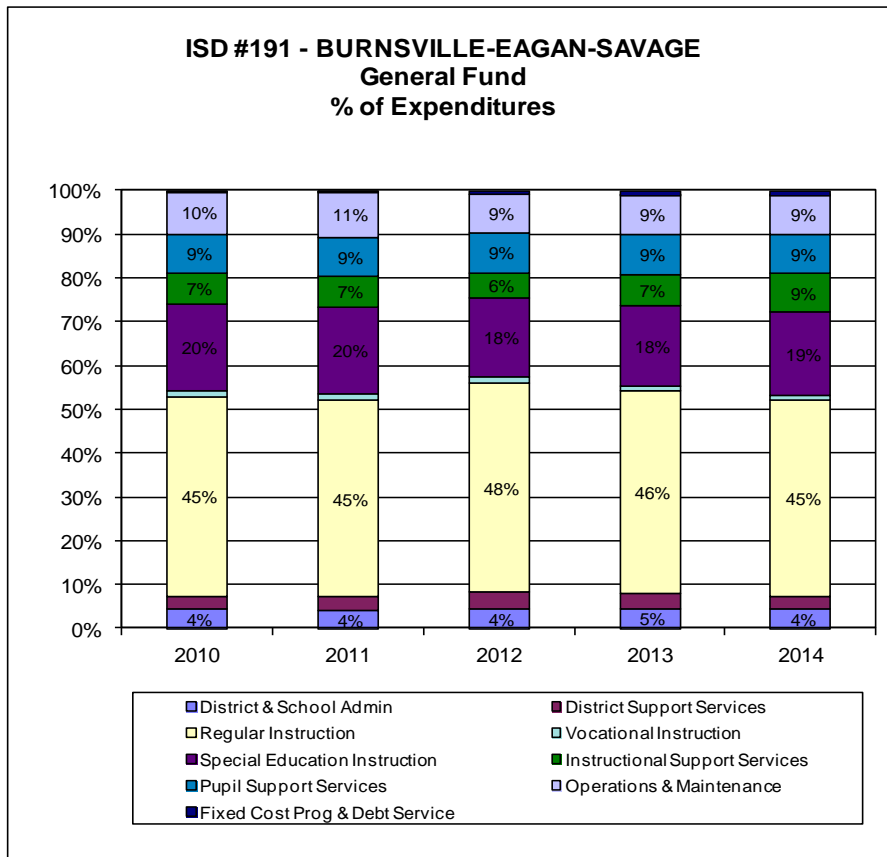
Expenditures Per Student

Expenditures per Student (average daily membership) are summarized in the following graph.

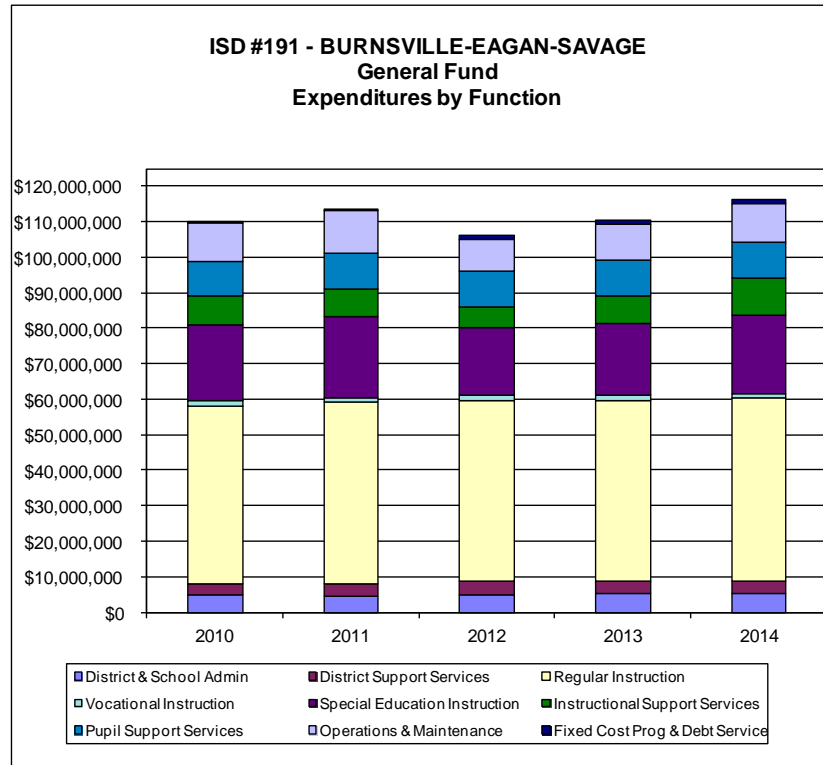


General Fund Expenditures for fiscal 2009 were grossed up by the impact of OPEB bonds which added approximately \$17.7 million of employee benefit costs on a one-time basis to move the bond proceeds to a trust fund that can only be used to pay employee postemployment benefit costs.

The following schedule shows total expenditures of the General Fund by program type:



Expenditures Per Student (Continued)



	2010	2011	2012	2013	2014
District and School Admin	\$ 4,799,116	\$ 4,543,487	\$ 4,699,625	\$ 5,063,843	\$ 5,165,097
District Support Services	3,344,439	3,546,514	3,937,222	3,600,142	3,413,639
Regular Instruction	49,875,662	50,950,664	50,892,667	51,088,533	51,801,948
Vocational Instruction	1,585,080	1,477,605	1,502,082	1,315,737	1,239,045
Special Education Instruction	21,526,541	22,683,237	19,149,651	20,108,199	22,223,518
Instructional Support Services	7,997,915	7,804,901	5,951,117	8,061,262	10,207,507
Pupil Support Services	9,752,263	10,017,559	9,803,131	9,869,403	10,358,327
Operations and Maintenance	10,729,450	12,143,030	9,263,799	10,234,030	10,722,992
Fixed Cost Prog and Debt Service	236,178	210,020	940,469	984,429	1,047,805
Total Expenditures	\$ 109,846,644	\$ 113,377,017	\$ 106,139,763	\$ 110,325,578	\$ 116,179,878

The following chart summarizes District General Fund Expenditures by object type.

	2014				2013	2012
	Final Amended Budget	Actual	Over (Under) Budget	Var %	Actual	Actual
Salaries	\$ 69,687,703	\$ 67,484,759	\$ (2,202,944)	(3.2)%	\$ 64,952,395	\$ 62,442,823
Employee Benefits	23,141,442	24,979,928	1,838,486	7.9	22,304,699	21,211,993
Purchased Services	15,578,908	16,305,814	726,906	4.7	15,760,778	15,092,539
Supplies and Materials	3,042,520	3,285,761	243,241	8.0	2,995,280	4,113,268
Capital Expenditures	2,310,421	3,025,027	714,606	30.9	2,744,804	1,805,937
Other Expenditures	1,607,029	1,098,589	(508,440)	(31.6)	1,567,622	1,473,203
Total Expenditures	\$ 115,368,023	\$ 116,179,878	\$ 811,855	0.7 %	\$ 110,325,578	\$ 106,139,763

As reflected above, total expenditures of the General Fund were 0.7% over the budgeted amount. The majority of the over-expended amounts can be attributed to the capital expenditures category which relates to the timing of projects and the use of site carryover.

General Fund Operations and Financial Position

The following table presents five years of comparative operating results for the District's General Fund.

	Year Ended				
	2010	2011	2012	2013	2014
Revenues	\$ 110,752,532	\$ 113,038,031	\$ 110,058,007	\$ 112,096,004	\$ 114,381,341
Expenditures	109,846,644	113,377,017	106,139,763	110,325,578	116,179,878
Excess (Deficiency) of Revenues Over (Under) Expenditures	905,888	(338,986)	3,918,244	1,770,426	(1,798,537)
Other Financing Sources (Uses):					
Proceeds from Capital Lease	1,103,500	-	-	-	-
Proceeds from Insurance Recovery	2,571	1,847,419	262,631	21,124	245,297
Operating Transfers (Out)	(4,918,776)	-	-	-	-
Total Other Financing Sources (Uses)	(3,812,705)	1,847,419	262,631	21,124	245,297
Change in Fund Balance	(2,906,817)	1,508,433	4,180,875	1,791,550	(1,553,240)
Fund Balance:					
Beginning of Year	18,939,790	16,032,973	17,541,406	21,722,281	23,513,831
End of Year	\$ 16,032,973	\$ 17,541,406	\$ 21,722,281	\$ 23,513,831	\$ 21,960,591
Restricted Fund Balance	\$ 2,636,276	\$ 2,851,833	\$ 3,562,528	\$ 3,867,464	\$ 3,633,869
Committed Fund Balance	2,352,197	2,903,318	2,519,534	1,903,201	2,067,348
Nonspendable Fund Balance	224,300	278,075	189,006	270,695	256,197
Unassigned Fund Balance	10,820,200	11,508,180	15,451,213	17,472,471	16,003,177
Total Fund Balance	\$ 16,032,973	\$ 17,541,406	\$ 21,722,281	\$ 23,513,831	\$ 21,960,591
Unassigned Fund Balance as a Percentage of Expenditures	9.85%	10.15%	14.56%	15.84%	13.77%

The District's General Fund unassigned fund balance changed by \$1,469,294 during fiscal 2013-2014, decreasing from \$17,472,471 to \$16,003,177 at June 30, 2014. Total fund balance of the General Fund decreased by \$1,553,240, ending at \$21,960,591 as of June 30, 2014. The ending unassigned fund balance represents 13.77% of General Fund expenditures.

Food Service Fund

The following chart reflects the growth of the Food Service Program over the past five years:

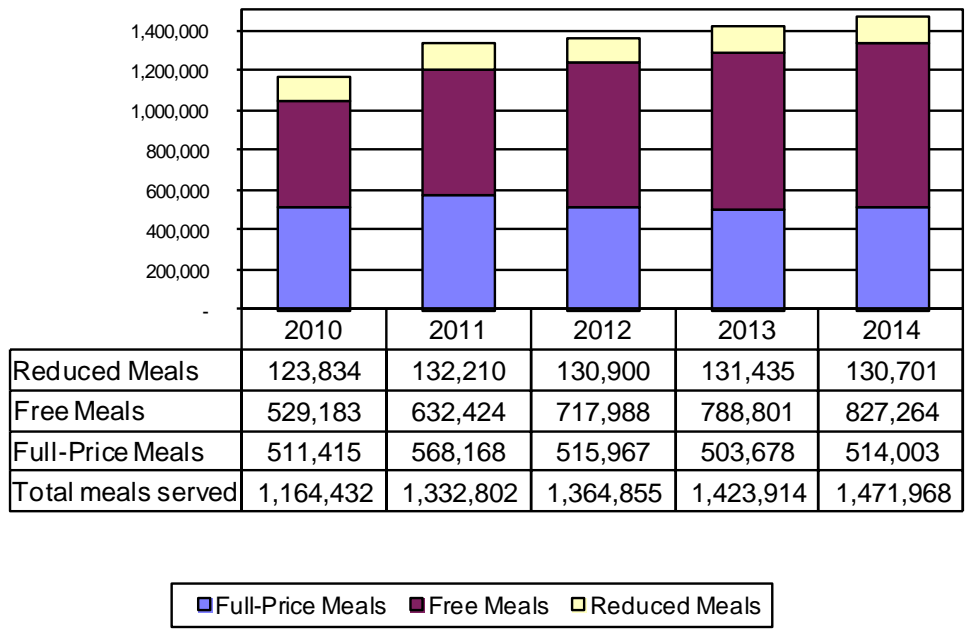
	Year Ended June 30,				
	2010	2011	2012	2013	2014
Revenues	\$ 4,395,501	\$ 4,469,158	\$ 4,619,763	\$ 5,114,519	\$ 5,226,228
Expenditures	4,265,457	4,331,054	4,424,902	4,982,811	4,934,679
Excess of Revenues Over Expenditures	130,044	138,104	194,861	131,708	291,549
Other Financing Sources:					
Proceeds from Sale of Equipment	4,135	1,050	5,500	7,081	5,535
Change in Fund Balance	134,179	139,154	200,361	138,789	297,084
Fund Balance:					
Beginning of Year	486,203	620,382	759,536	959,897	1,098,686
End of Year	\$ 620,382	\$ 759,536	\$ 959,897	\$ 1,098,686	\$ 1,395,770
Meals Served to Students	1,164,432	1,332,802	1,364,855	1,423,914	1,471,968
Revenue per Lunch Served	\$ 3.77	\$ 3.35	\$ 3.38	\$ 3.59	\$ 3.55
Percentage of Total Meals Served by Type (including Breakfast):					
Full Price Meals	43.9%	42.6%	37.8%	35.4%	34.9%
Reduced Price Meals	10.6%	9.9%	9.6%	9.2%	8.9%
Free Meals	45.4%	47.5%	52.6%	55.4%	56.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Total revenues and other financing sources exceeded total expenditures by \$297,084 in the District's Food Service Fund for 2014, resulting in a fund balance of \$1,395,770 at June 30, 2014.

Total actual revenues were higher than the budgeted amount by a net of \$336,803 or 6.9%. Total expenditures were higher than the budgeted amount by \$107,996. The net impact of these variances, including other financing sources, was an improvement to fund balance that was approximately \$234,000 more than had been reflected in the final budget.

Food Service Fund (Continued)

MEALS SERVED TO STUDENTS (INCLUDING BREAKFAST)



Community Service Fund

The following table presents five years of comparative operating results for the District's Community Service Fund:

	Year Ended June 30,				
	2010	2011	2012	2013	2014
Revenues	\$ 6,328,216	\$ 6,533,760	\$ 5,915,113	\$ 5,384,563	\$ 5,543,148
Expenditures	6,780,590	6,422,722	5,345,789	5,022,208	5,879,995
Excess (Deficiency) of Revenues Over (Under) Expenditures	(452,374)	111,038	569,324	362,355	(336,847)
Other Financing Sources:					
Transfers from Other Fund	345,512	-	-	-	-
Change in Fund Balance	(106,862)	111,038	569,324	362,355	(336,847)
Fund Balance:					
Beginning of Year	106,862	-	111,038	680,362	1,042,717
End of Year	\$ -	\$ 111,038	\$ 680,362	\$ 1,042,717	\$ 705,870
Fund Balance (Deficit) - (UFARS Basis):					
Restricted for Community Ed	\$ (87,044)	\$ (3,408)	\$ 588,964	\$ 914,732	\$ 494,805
Restricted for ECFE	12,227	(27,715)	24,861	78,669	98,367
Restricted for School Readiness	13,619	34,952	39,789	15,221	78,583
Restricted for Adult Basic Ed	71,595	92,015	26,748	-	-
Restricted for Other Purposes	(10,397)	15,194	-	34,095	34,115
Total Fund Balance	\$ -	\$ 111,038	\$ 680,362	\$ 1,042,717	\$ 705,870

The District's Community Service Fund results reflected that expenditures exceeded revenues by \$336,847 for fiscal 2014, decreasing the combined fund balance from \$1,042,717 at June 30, 2013, to \$705,870 at June 30, 2014. The District historically had struggled to operate the Community Service programs on a self-sustaining basis. The outcomes in recent years represented a significant improvement from prior years when transfers from the general fund were needed to cover fund balance deficits. We encourage you to continue the process of identifying ways to increase program revenues and improve the matching of available revenues with corresponding program costs with flexibility built into the program development such that if programs cannot reasonably be operated on a self-sustaining basis the costs are not incurred.

Total revenues of the District's Community Service Fund for 2014 were approximately \$500,000 higher than the budgeted amount while total expenditures were approximately \$694,000 higher than the budgeted amount. The net impact of these variances was to decrease total fund balance by \$192,626 more than had been reflected in the budget. As part of any budget update initiated for fiscal 2014-2015, the community services department will want to take these budget variances into consideration in order to limit budget variances to every extent possible.

APPENDIX B

Expenditures Per Student (ADM) Served

	Statewide			ISD No. 191 Burnsville-Eagan-Savage		
	All Districts	Seven County Metro Area	Enrollment > than 4,450			
	2013	2013	2013	2012	2013	2014
	\$	\$	\$	\$	\$	\$
District and School Admin and Support Services	892	837	817	868	871	821
Regular Instruction (including Co- & Extra-Curricular)	4,955	5,273	5,145	5,167	5,134	5,295
Vocational Instruction (Career & Technical)	132	132	134	153	134	127
Special Education Instruction	1,896	2,055	2,073	1,950	2,026	2,269
Instructional Support Services	466	562	550	511	758	971
Pupil Support Services (Including Transportation)	916	991	967	997	1,006	1,064
Operations and Maintenance and Other	838	800	820	1,008	1,041	1,093
Food Service	497	500	495	423	472	498
Community Service	515	646	619	543	510	588
Capital Expenditure	570	469	462	216	318	339
Debt Service	1,173	1,322	1,223	926	936	1,030
Total Pre-K - 12 Expenditures, including OPEB	\$ 12,850	\$ 13,587	\$ 13,305	\$ 12,762	\$ 13,207	\$ 14,095
 Percent Change from Prior Year, excluding OPEB				-3.92%	3.49%	6.72%

Source of Statewide Data: School District Profiles published by the Minnesota Department of Education

District and school admin and support services - all costs related to providing administration to the District (school board, superintendent, principals, assistant superintendents, directors of instructional areas, etc.) and all central office administration (business services, human resources, legal, data processing, other district-wide support activities)

Regular instruction - includes all activities dealing directly with the teaching of pupils including co-curricular and extra-curricular activities and the interaction between teachers and pupils in the classroom (excluding exceptional, vocational and community education instruction) and includes activities of aides or assistants of any type (paraprofessionals, clerks, graders, etc.) who assist in the educational process, except spec ed aides

Vocational instruction - consists of costs related to courses and activities which develop knowledge, skills, attitudes and behavioral characteristics for students seeking career exploration and employability

Special education instruction - consists of activities providing learning experiences for pupils of any age, who because of certain atypical characteristics or conditions, have been identified as requiring, or who would benefit by, educational programs differentiated from those provided pupils in regular or vocational instruction

Instructional support services - activities for assisting instructional staff with content and process of providing learning experiences for pupils in K-12 (curriculum, staff dev, educ media, libraries and media centers, etc.)

Pupil support services - all services to pupils not classified as instructional (counseling & guidance, health services, psychological services, social work, pupil transportation and safety, etc.)

Operations and maintenance - activities related to the operation, maintenance, repair and remodeling of all physical plant, facilities and grounds of the District

Food service - all costs of the Food Service Fund

Community service - all costs of the Community Service Fund

Capital expenditures - all capital expenditures charged to operating funds

Debt service - all debt service costs (principal, interest and fiscal agent costs)

APPENDIX C

LEGISLATIVE ACTIVITY

What follows are some education-related highlights of recent legislative sessions as summarized from information made available by the Minnesota Department of Education, the Minnesota School Boards Association, the Office of the Legislative Auditor, the Minnesota Association of Charter Schools and the Minnesota House of Representatives.

Formula Increase

The General Education Revenue formula allowance was increased \$25 per pupil (.5% increase) for FY15. This increases funding for other revenues linked to the formula allowance (e.g., compensatory, sparsity, transportation sparsity, nonpublic transportation, nonpublic pupil, Indian tribal contract, and, beginning in FY 2015, ECFE).

Local Optional Revenue

Extends Local Optional Revenue, formerly known as location equity revenue, to all school districts. This provides every school district the opportunity to levy operating dollars on Referendum Market Value tax base up to \$424 per pupil.

English Language Learners

The maximum number of years a student may receive state-funded English learner services was increased from five to six years. Students with less than six years of ADM in Minnesota whose test results indicate proficiency in English will continue to be eligible for funding up to the six-year limit if the classroom teacher determines that the student is not proficient.

Teacher Evaluation

Appropriates \$10 million (in FY15 only) for non-Q Comp districts to begin to implement teacher evaluation. Non-Q Comp school districts will receive \$302 times the number of full-time equivalent teachers employed on October 1 of the previous school year. Revenue under this section must be reserved for teacher development and evaluation activities. "Teacher" is broadly defined to include other professional employees and administrators required to hold a license from MDE.

School Lunch and Breakfast

Fully funds reduced-price lunch by increasing the state school lunch aid from 12.5 cents to 52.5 cents per reduced-price lunch, making the lunches free for those students. Extends fully priced breakfast to all kindergarten students by increasing state aid for school breakfasts from 55 cents to \$1.30, making school breakfasts free for all kindergarten students.

Safe Schools Levy for Intermediate School Districts

The safe schools levy for intermediate districts was increased by \$5 per pupil (from \$10 to \$15) beginning in FY16 (Pay 2015 levy).

Building Lease Levy

Increases lease levy authority by \$50 per APU (from \$162 to \$212) for regular districts and \$19 per APU (from \$46 to \$65) for intermediate districts beginning in FY16 (Pay 2015 levy).

Review and Comment

Increases the minimum qualifying amount needed to trigger a review and comment from \$1.4 million to \$2 million. Removes the need for a review and comment on most maintenance projects. Exempts from review and comment: a) facility additions, remodeling and maintenance projects funded only with general education revenue, health & safety revenue, alternative facilities revenue, deferred maintenance revenue, lease levies, or facilities bonding, and b) technology purchases funded with capital projects referendum.

Aligning Minnesota's Alternative Teacher Professional Pay System and Teacher Evaluation Program

Directs MDE to consult with experts and legislators on better aligning Minnesota's alternative professional pay system and teacher developmental and evaluation program and to report to the legislature by February 1, 2015, on effecting and funding an improved alignment.

Career and Technical Education Programs

Directs MDE to consult with experts knowledgeable about secondary and post-secondary career and technical education programs to determine the content, status, and resources of specific career and technical education programs available in Minnesota.

Special Education Online Reporting

Directs MDE to integrate, customize, and sustain a streamlined statewide online system, with a single, integrated model online form, for collecting and reporting special education-related data. Requires the online system to interface with existing state reporting systems and with local district data systems.

Natural Disaster Debt Service Equalization

Defines "eligible natural disaster debt service revenue" as the amount necessary to raise between 105 and 106 percent of the annual repayment of debt for repair of facilities that (1) have been impacted by a natural disaster occurring since January 1, 2005; (2) sustained damage of more than \$500,000; and (3) have repair and replacement costs that are not covered by FEMA or insurance.

School Readiness

Increases appropriation by \$1.8 million in FY15, \$4 million in FY16-17.

Early Childhood Family Education

Increases appropriation by \$4.65 million in FY15, \$10.88 million in FY16-17. Also changes ECFE formula so it keys off the K-12 per pupil formula (the ECFE allowance equals 2.3 percent of the general education formula allowance) which is an 11.8 percent increase. Includes policy language on program implementation and a community needs assessment.

Early Learning Scholarships

Appropriates \$4.65 million in FY15 and \$10.33 million in FY16-17. Clarifies that recipients of Pathway II scholarships may use its established registration process to enroll scholarship recipients and may verify a scholarship recipient's family income in the same manner as for other program participants. Allows Pathway II recipients to be paid directly from MDE.

Adult Basic Education Supplemental Service Grants

Increases the maximum amount of a supplement services grant to any single organization from 20 to 40 percent of the total amount of supplemental service aid.

State Total Adult Basic Education Aid

Increases the adult basic education program growth factor from 1.025 to 1.03 for fiscal years 2015 and later. Increases the portion of adult basic education aid available for supplemental service grants from two to three percent of the total program aid.

APPENDIX D

TECHNICAL UPDATE

GASB Statement No. 65 – Items Previously Reported as Assets and Liabilities

This statement is a companion to GASB Statement No. 63 and was effective for the school district's fiscal year ended June 30, 2014. Upon adoption of GASB 65, certain items previously reported as assets are now reported as deferred outflows, and certain items previously reported as liabilities are now reported as deferred inflows. One common liability — property taxes levied for subsequent year (unearned revenue) — demonstrates the significance of the changes in how financial statements will appear.

Minnesota school districts levy property taxes and have a tax calendar that looks like this:

- January 1 — Tax levy occurs and lien attaches
- May 1 — First half of annual taxes collected
- July 1 — New fiscal year begins
- October 1 — Second half of annual taxes collected

Previously, school districts would report a property tax receivable, and a comparable unearned revenue liability (property taxes levied for subsequent year), for the portion of the property tax levied but not intended as revenue as of June 30. Under GASB 65, the unearned revenue amount is now presented as a deferred inflow rather than a liability.

This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

GASB Statement No. 67 – Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25

The primary objective of this statement is to improve financial reporting by state and local governmental pension plans. In Minnesota this will be applicable to statewide pension plans such as PERA and TRA for the fiscal year ended June 30, 2014. GASB Statement No. 67 replaces the requirements of GASB Statements Nos. 25 and 50 for pension plans that are administered through trusts or equivalent arrangements that meet the following criteria: contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable; pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms; and pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members. The requirements of GASB Statements Nos. 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this statement, although there is currently an exposure draft covering these statements also which will make similar changes. Not all retiree health care benefits and OPEB benefits are subject to the GASB's new pension standards. Instead, they are subject to the GASB's current OPEB standards provided in Statements Nos. 43 and 45, although the OPEB standards are also currently under review by GASB.

GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27

The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. This statement is effective for school district financial statements for the fiscal year ending June 30, 2015, although earlier application is encouraged. This statement replaces the requirements of GASB Statements Nos. 27 and 50, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria (as described above for GASB Statement No. 67). This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This statement also addresses circumstances in which a nonemployer entity has a legal requirement to make contributions directly to a pension plan.

Included in this statement are major changes in how employers that participate in cost-sharing pension plans, such as TRA and PERA, account for pension benefit expenses and liabilities. In financial statements prepared using the economic resources measurement focus and accrual basis of accounting (government-wide and proprietary funds), a cost-sharing employer that does not have a special funding situation is required to recognize a liability for its proportionate share of the net pension liability of all employers with benefits provided through the pension plan. A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate share of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions. In addition, the effects of (1) a change in the employer's proportion of the collective net pension liability and (2) differences during the measurement period between the employer's contributions and its proportionate share of the total of contributions from employers included in the collective net pension liability are required to be determined. These effects are required to be recognized in the employer's pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all active and inactive employees that are provided with pensions through the pension plan.

When GASB Statement No. 68 is implemented, pension costs will be much more prominent in school district financial statements – each employer's share of the TRA or PERA unfunded liability will have to be shown on the face of the government-wide financial statements. Previously school districts only disclosed the annual contributions they paid to the pension systems as a percentage of payroll as required by the Legislature to pay down that unfunded liability. Both TRA and PERA will regularly report actuarial valuation results for each school district. The unfunded portion of the school district's pension obligation will be reported to the school district so that it can show it as a liability in its financial statements and that amount may be substantial for many. School districts currently have no comparable reporting requirements in statements, footnotes or schedules. Instead, they report their annual contributions to the pension systems.

GASB Statement No. 69 – Government Combinations and Disposals of Government Operations

This statement provides accounting and financial reporting guidance, including disclosure requirements, for government combinations and disposals of government operations. Government combinations include mergers, acquisitions, and transfers of operations. Included within the scope of this statement are combinations of governmental entities or combinations of governmental entities, with nongovernmental entities (such as a nonprofit entity) as long as the new or continuing organization is a government. This statement does not apply to combinations in which a government acquires an organization that continues to exist as a separate entity, or acquires an equity interest in an organization that remains legally separate from the acquiring government. A disposal of operations occurs when a government either transfers or sells specific operations. This statement is effective for school district financial statements for the fiscal year ending June 30, 2015, although earlier application is encouraged.

GASB Statement No. 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees

Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction.

This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows related to the guarantee expected to be incurred.

This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation.

GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date—an Amendment of GASB Statement No. 68

The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by the school district to a defined benefit pension plan after the measurement date of the school district's beginning net pension liability.

Statement 68 requires a school district employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a school district makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the school district recognize its contribution as a deferred outflow of resources. In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in

the net pension liability of a school district that arise from other types of events. At transition to Statement 68, if it was not practical for a school district to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of a school district's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a school district recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

Changes to Federal Grant Audit Requirements

The U.S. Office of Management and Budget (OMB) has issued OMB Uniform Guidance: Cost Principles, Audit, and Administrative Requirements for Federal Awards, which includes broad revisions to OMB Circular A-133 and other key grant reforms. The guidance includes a number of significant changes to the federal Single Audit process, including; an increase in the dollar threshold for requiring a Single Audit (from \$500,000 to \$750,000), changes to the process for determining major programs (the Type A program threshold was raised from \$300,000 to \$750,000 with all other programs considered Type B), a reduction in the percentage of expenditures required to be covered by a Single Audit (from 50% to 40% of federal expenditures for high risk auditees and from 25% to 20% of federal expenditures for low risk auditees), revised criteria for determining low risk auditees, a reduction in the types of compliance requirements to be tested, and an increase in the threshold for reporting questioned costs (raised to \$25,000). The guidance consolidates OMB circulars and cost principles; and changes certain federal requirements related to indirect costs, time and effort reporting, and grant administration. Grant administrators within districts will need to be on top of changes to compliance requirements and the timing of changes to avoid findings as part of the Single Audit process.

Crackdown by the Securities and Exchange Commission (SEC)

The SEC has been stepping up efforts to enforce Rule 15c2-12, which for the past 20 years has required underwriters to verify that government entities regularly post financial reports about existing bonds. The requirement to post reports is meant to keep investors informed about the district's financial health and operating condition over time, including the disclosure of significant events that could impact key features of the district's bonds. Before underwriting new bonds, dealers are required to check the Electronic Municipal Market Access (EMMA) website to ensure that a district has a spotless history of posted reports with any previously issued bonds. Problems arise when boilerplate language in new bond documents indicate that the district had properly disclosed all required reports in a timely manner when the due diligence required to verify the accuracy of that claim was not conducted. The SEC's enforcement division has charged school districts with defrauding bond investors in cases when it has been shown that required information had not, in fact, been submitted as required by the continuing disclosure rules. While most school districts rely on their trusted financial advisor to ensure that all required continuing disclosure requirements are met on an accurate, timely and complete basis, given the fact that district officials could be held liable under securities fraud laws, it is also important that the district itself be familiar with the requirements and not assume that an advisor is responsible. This is especially true where school districts use multiple bond advisors for different types of transactions or where the school district changes their professional advisor.



APPENDIX E

FORMAL REQUIRED COMMUNICATIONS

Board of Education
Independent School District No. 191
Burnsville-Eagan-Savage Schools
Burnsville, Minnesota

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Independent School District No. 191 (the school) as of and for the year ended June 30, 2014, and have issued our report thereon dated December 1, 2014. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the school are described in Note 1 to the financial statements.

In 2014, the District changed accounting policies related to financial reporting guidance for deferred outflows of resources and deferred inflows of resources by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 65, *Items Previously Reported as Assets and Liabilities*, in fiscal year 2014. This change in principle resulted in the District writing-off all bond issuance costs in the current year that had been capitalized in prior years under the previous accounting standards as well as reclassifying the losses on refunded bonds as deferred outflows rather than assets in the form of deferred charges.

We noted no transactions entered into by the school during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Qualitative aspects of accounting practices (continued)

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Due from Minnesota Department of Education
- Due from other Minnesota school districts
- Due from federal through the Minnesota Department of Education
- Estimated useful lives of depreciable capital assets

Management's estimate of the due from Minnesota Department of Education is based on amounts anticipated to be received from the state for various aid entitlements for fiscal 2014. The most significant of these is the aid portion of general education revenue. General education revenue and certain other revenues are computed by applying an allowance per student to the number of students served by the school. Student attendance is accumulated in a statewide database, Minnesota Automated Reporting Student System (MARSS). Because of the complexity of student accounting and because of certain enrollment options, student information is input by other school districts and the MARSS data for fiscal year 2014 is not finalized until well into the next fiscal year. MDE calculates amounts owed to the School for special education excess cost tuition billing and adds the amount to the School's special education aid. Because the tuition amounts are based on estimated information, final entitlements are not expected to be known until well into the following fiscal year. Management expects any differences between estimated and actual data will be insignificant.

Management's estimate of due from other Minnesota school districts is based on amounts that have been billed to other school districts under the excess special education cost tuition billing system. The school has made a good faith effort to accurately calculate such amounts billed, but until the resident school district has an opportunity to review such underlying details as membership days, disability codes, and rates, it will not be known whether such amounts will be collected or not. Management expects any difference between amounts billed and amounts ultimately collected will be insignificant.

Management's estimate of due from federal through the Minnesota Department of Education is based on amounts anticipated to be received through the state for various federal aid entitlements for fiscal 2014. Many federal entitlements require that supporting financial reporting information be provided both in the Uniform Financial Accounting and Reporting Standards (UFARS) accounting system and also the Electronic Data Reporting System (EDRS) reporting system. To the extent that these two separate systems are not in agreement and reported in a timely manner, the estimated aid entitlement may be adversely affected. Management expects any differences between estimated and actual data will be insignificant.

Qualitative aspects of accounting practices (continued)

Accounting estimates (continued)

Management's estimate of the useful lives for depreciable capital assets is based on guidance recommended by the Minnesota Department of Education and other sources. The useful life of a depreciable capital asset determines the amount of depreciation that will be recorded in any given reporting period as well as the amount of accumulated depreciation that is reported at the end of a reporting period.

We reviewed and tested management's procedures and underlying supporting documentation in the areas discussed above and evaluated the key factors and assumptions used to develop the estimates noted above in determining that they are reasonable in relation to the financial statements taken as a whole. We concluded that the accounting estimates and management judgments appeared to consider all significant factors and resulted in appropriate accounting recognition.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Corrected misstatements

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated December 1, 2014.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the school’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the school’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other audit findings or issues

We have provided a separate letter to you dated December 1, 2014, communicating internal control related matters identified during the audit.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management’s responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated December 1, 2014.

Board of Education
Independent School District No. 191
Burnsville-Eagan-Savage Public Schools

With respect to the individual fund financial statements and the Uniform Financial Accounting and Reporting Standards Compliance Table (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated December 1, 2014.

The statistical section accompanying the financial statements, which is the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * * * *

This communication is intended solely for the information and use of the School Board and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 1, 2014



APPENDIX F

INDEPENDENT AUDITORS' REPORT ON CONDENSED FINANCIAL STATEMENTS INCLUDED HEREIN

Board of Education
Independent School District No. 191
Burnsville-Eagan-Savage Schools
Burnsville, Minnesota

Report on the Financial Statements

We have audited the financial statements of Independent School District No. 191 (the District) as of and for the years ended June 30, 2014, 2013, 2012, 2011, and 2010 (not presented herein).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Auditors' Responsibility (Continued)

The condensed Statements of Revenues, Expenditures and Changes in Fund Balance for the years presented on pages 12, 13 and 15 are presented as a summary and, therefore, do not include all of the disclosures required by U.S. generally accepted accounting principles.

Opinions

In our opinion, because of the significance of the omission of the information referred to in the preceding paragraph, the condensed financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America the results of its operations for the years then ended.

This report is intended solely for the information and use of the School Board and management of the District and is not intended to be and should not be used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 1, 2014