

Yellow Medicine East ISD 2190 School Board Meeting Agenda



Monday, January 6, 2014 at 4:30 PM
Special Meeting
YME Board Room

1. Selection of Acting Chair
2. Call to Order
3. Selection of Officers
 - A. Chair
 - B. Vice-chair (Optional)
 - C. Clerk
 - D. Treasurer
4. Approval of Agenda
5. Approval of December 9, 2013 Meeting Minutes 2
6. Opportunity for Citizens to Speak
7. Special Reports
 - A. Ehlers & Associates, Inc. - G. Olsen
8. Action Items
 - A. Approval of Post-Issuance Debt Compliance Policy 4
 - B. Sale of \$730,000 General Obligation Alternative Facilities Bonds, Series 2014A
 - C. Approval of Bills for Payment 13
9. Discussion Items
10. Upcoming Events
 - A. Board Meeting - YME Board Room - January 13, 2014 - 6:00 pm
11. Adjourn

**YELLOW MEDICINE EAST ISD #2190
SCHOOL BOARD MEETING MINUTES
MONDAY, DECEMBER 9, 2013 – 6:00 PM
YME BOARD ROOM**

Board Members Present: Jane Hagert, Dawn Odegard, Tim Opdahl, Steve Rupp, Grant Velde, Shelly Weir, Steve Zumhofe

Community / Staff Members Present: Kathy Anderson, LeeAnn Boushek, Char Dahl, Ethan Groothius, Melissa Hesch, Tim Knapper, Mike Meihak, Ken Rupp, Sharon Rupp, Denise Streich, Al Stoeckman

The meeting was called to order by Chairman Velde.

Motion by Hagert, second by Odegard and carried to approve the agenda for the meeting after the removal of one personnel item.

For the Truth in Taxation portion of the meeting, LeeAnn Boushek, District Finance Officer, reviewed a PowerPoint presentation summarizing the tax levies and budget. Those in attendance were given the opportunity to ask questions.

Motion by Zumhofe, second by Weir and carried to approve the minutes from the November 14, 2013 Board meeting.

The opportunity for citizens to speak received no response.

School Social Worker, Char Dahl and Superintendent Stoeckman shared information with the Board on substance abuse by adolescence and how it affects the ability to learn.

Fall Musical report was submitted by Jeff Iverson, Director.

Minutes from the November 18, 2013 Finance Committee were distributed.

Superintendent Stoeckman and Board member Tim Opdahl shared information from the December 9, 2013 Transportation Committee meeting,

Enrollment and fund balance reports were submitted for Board review.

Principals Hesch & Meihak reported on various activities and programs taking place in their respective buildings.

Superintendent Stoeckman reviewed his submitted report.

Motion by Odegard, second by Rupp and carried to approve bills for payment in the amount of \$412,768.07 with checks numbered 16657 through 16779; and wire transfers in the amount of \$170,734.41 numbered 201300082 through 201300086.

Motion by Hagert, second by Opdahl and carried to certify the 2013 Pay 2014 Levy in the amount of \$2,114,689.15.

Motion by Opdahl, second by Weir and carried to approval of the membership with PACT for Families Collaborative for 2014.

Motion by Opdahl, second by Zumhofe and carried to approve a Facilities Use Agreement with MSHSL Region 3A.

Motion by Zumhofe, second by Opdahl and carried unanimously by roll call vote, to adopt a resolution establishing procedures for reimbursement of certain expenditures from proceeds of future bonds issues or other borrowings.

Motion by Odegard, second by Rupp and carried to accept the resignation of Karla Fischer, C-squad volleyball coach..

Motion by Hagert, second by Opdahl and carried to accept the resignation of Dean Baldry, assistant football coach.

Motion by Odegard, second by Weir and carried to accept the resignation of Steve Barber, girls tennis coach.

The Board discussed the decline in participation of extra-curricular activities and what can be done to reverse that trend.

Upcoming Events

Teacher Negotiations – December 19, 2013 – YME Board Room – 6:00 pm

YME Winter Break – December 23, 2013 – January 1, 2014

School Resumes after Winter Break – January 2, 2014

YME School Board Meeting – January 13, 2014 – YME Board Room – 6:00 pm

The meeting was closed to discuss preliminary considerations regarding student discipline issues.

The meeting was opened.

The meeting was adjourned by Chairman Velde.

Independent School District No. 2190 (Yellow Medicine East), Minnesota Post-Issuance Debt Compliance Policy

The School Board (the “Board”) of Independent School District No. 2190 (Yellow Medicine East), Minnesota (the “District”) has chosen, by policy, to take steps to help ensure that all obligations will be in compliance with all applicable federal regulations. This policy may be amended, as necessary, in the future.

Background

The Internal Revenue Service (IRS) is responsible for enforcing compliance with the Internal Revenue Code (the “Code”) and regulations promulgated thereunder (“Treasury Regulations”) governing certain obligations (for example: tax-exempt obligations, Build America Bonds, Recovery Zone Development Bonds and various “Tax Credit” Bonds). The IRS encourages issuers and beneficiaries of these obligations to adopt and implement a post-issuance debt compliance policy and procedures to safeguard against post-issuance violations.

Post-Issuance Debt Compliance Policy Objective

The District desires to monitor these obligations to ensure compliance with the Code and Treasury Regulations. To help ensure compliance, the District has developed the following policy (the “Post-Issuance Debt Compliance Policy”). The Post-Issuance Debt Compliance Policy shall apply to the obligations mentioned above, including bonds, notes, loans, lease purchase contracts, lines of credit, commercial paper or any other form of debt that is subject to compliance.

Post-Issuance Debt Compliance Policy

The Finance Officer is designated as the District’s agent who is responsible for post-issuance compliance of these obligations.

The Finance Officer shall assemble all relevant documentation, records and activities required to ensure post-issuance debt compliance as further detailed in corresponding procedures (the “Post-Issuance Debt Compliance Procedures”). At a minimum, the Post-Issuance Debt Compliance Procedures for each qualifying obligation will address the following:

1. General post-issuance compliance;
2. Proper and timely use of obligation proceeds and obligation-financed property;
3. Arbitrage yield restriction and rebate;
4. Timely filings and other general requirements;
5. Additional undertakings or activities that support points 1 through 4 above;
6. Maintenance of proper records related to the obligations and the investment of proceeds of obligations;
7. Other requirements that become necessary in the future.

The Finance Officer shall apply the Post-Issuance Debt Compliance Procedures to each qualifying obligation and maintain a record of the results. Further, the Finance Officer will ensure that the Post-Issuance Debt Compliance Policy and Procedures are updated on a regular and as needed basis.

The Finance Officer or any other individuals responsible for assisting the Finance Officer in maintaining records needed to ensure post-issuance debt compliance, are authorized to expend funds as needed to attend training or secure use of other educational resources for ensuring compliance such as consulting, publications, and compliance assistance.

Most of the provisions of this Post-Issuance Debt Compliance Policy are not applicable to taxable governmental obligations unless there is a reasonable possibility that the District may refund their taxable governmental obligation, in whole or in part, with the proceeds of a tax-exempt governmental obligation. If this refunding possibility exists, then the Finance Officer shall treat the taxable governmental obligation as if such issue were an issue of tax-exempt governmental obligations and comply with the requirements of this Post-Issuance Debt Compliance Policy.

Private Activity Bonds

The District may issue tax-exempt obligations that are “private activity” bonds because either (1) the bonds finance a facility that is owned by the District but used by one or more qualified 501(c)(3) organizations, or (2) the bonds are so-called “conduit bonds”, where the proceeds are loaned to a qualified 501(c)(3) organization or another private entity that finances activities eligible for tax-exempt financing under federal law (such as certain manufacturing projects and certain affordable housing projects). Prior to the issuance of either of these types of bonds, the Finance Officer shall take steps necessary to ensure that such obligations will remain in compliance with the requirements of this Post-Issuance Debt Compliance Policy.

In a case where compliance activities are reasonably within the control of a private party (i.e., a 501(c)(3) organization or conduit borrower), the Finance Officer may determine that all or some portion of compliance responsibilities described in this Post-Issuance Debt Compliance Policy shall be assigned to the relevant party. In the case of conduit bonds, the conduit borrower will be assigned all compliance responsibilities other than those required to be undertaken by the District under federal law. In a case where the Finance Officer is concerned about the compliance ability of a private party, the Finance Officer may require that a trustee be retained to assist with record keeping for the obligation and/or that the trustee or such third party be responsible for all or some portion of the compliance responsibilities.

The Finance Officer is additionally authorized to seek the advice, as necessary, of bond counsel and/or its financial advisor to ensure the District is in compliance with this Post-Issuance Debt Compliance Policy.

Adopted this date 1-6-14 by the School Board of Independent School District No. 2190 (Yellow Medicine East), Minnesota

Independent School District No. 2190 (Yellow Medicine East), Minnesota Post-Issuance Debt Compliance Procedures

The School Board (the “Board”) of Independent School District No. 2190 (Yellow Medicine East), Minnesota (the “District”) has adopted the attached Post-Issuance Debt Compliance Policy dated 1-6-2014. The Post-Issuance Debt Compliance Policy applies to qualifying debt obligations issued by the District. As directed by the adoption of the Post-Issuance Debt Compliance Policy, the Finance Officer will perform the following Post-Issuance Debt Compliance Procedures for all of the District’s outstanding debt.

1. General Post-Issuance Compliance

- a. Ensure written procedures and/or guidelines have been put in place for individuals to follow when more than one person is responsible for ensuring compliance with Post-Issuance Debt Compliance Procedures.
- b. Ensure training and/or educational resources for post-issuance compliance have been approved and obtained.
- c. The Finance Officer understands that there are options for voluntarily correcting failures to comply with post-issuance compliance requirements (such as remedial actions under Section 1.141-12 of the Treasury Regulations and the ability to enter into a closing agreement under the Tax-Exempt Bonds Voluntary Closing Agreement Program described in Notice 2008-31 (the “VCAP Program”).

2. General Recordkeeping

- a. Retain records and documents for the obligation and all obligations issued to refund the obligation for a period of at least seven years following the final payment of the obligation (or if such obligation is refunded, the final payment of the refunding bond) unless otherwise directed by the District’s bond counsel.
- b. Retain both paper and electronic versions of records and documents for the obligation.
- c. General records and documentation to be assembled and retained
 - i. Description of the purpose of the obligation (referred to as the project) and the state statute authorizing the project.
 - ii. Record of tax-exempt status or revocation of tax-exempt status, if applicable.
 - iii. Any correspondence between the District and the IRS.
 - iv. Audited financial statements.
 - v. Bond transcripts, official statements and other offering documents of the obligation.
 - vi. Minutes and resolutions authorizing the issuance of the obligation.
 - vii. Certifications of the issue price of the obligation.

- viii. Any formal elections for the obligation (i.e. election to employ an accounting methodology other than the specific tracing method).
- ix. Appraisals, demand surveys, or feasibility studies for property financed by the obligation.
- x. Documents related to governmental grants, associated with construction, renovation or purchase of property financed with the obligation.
- xi. Reports of any prior IRS examinations of the District or the District's obligation.

3. Arbitrage Yield Restriction and Rebate Recordkeeping

- a. Investment and arbitrage documentation to be assembled and retained
 - i. An accounting of all deposits, expenditures, interest income and asset balances associated with each fund established in connection with the obligation. This includes an accounting of all monies deposited to the Debt Service Account to make debt service payments on the obligation, regardless of the source derived. Accounting for expenditures and assets is described in further detail in Section 4.
 - ii. Statements prepared by Trustee or Investment Provider.
 - iii. Documentation of at least quarterly allocations of investments and investment earnings to each obligation (i.e. uncommingling analysis).
 - iv. Documentation for investments made with obligation proceeds such as:
 - 1. Investment contracts (i.e. guaranteed investment contracts).
 - 2. Credit enhancement transactions (i.e. bond insurance contracts).
 - 3. Financial derivatives (swaps, caps, etc).
 - 4. Bidding of financial products.
 - Investments acquired with obligation proceeds are purchased at fair market value (i.e. three bids for open market securities needed in advance refunding escrows).
- b. Computations of the arbitrage yield.
- c. Computations of yield restriction and rebate amounts including but not limited to:
 - i. Compliance in meeting the "Temporary Period from Yield Restriction Exception" and limiting the investment of funds after the temporary period expires.
 - ii. Compliance in meeting the "Rebate Exception".
 - 1. Qualifying for the "Small Issuer Exception"
 - 2. Qualifying for a "Spending Exception"
 - 6 Month Spending Exception
 - 18 Month Spending Exception
 - 24 Month Spending Exception
 - 3. Qualifying for the "Bona Fide Debt Service Fund Exception"

4. Quantifying arbitrage on all funds established in connection with the obligation in lieu of satisfying arbitrage exceptions (including Reserve Funds and Debt Service Funds)
 - d. Computations of yield restriction and rebate payments.
 - e. Timely Tax Form 8038-T filing, if applicable.
 - i. Remit any arbitrage liability associated with the obligation to the IRS at each five year anniversary date of the obligation, and the date in which the obligation is no longer outstanding (redemption or maturity date), whichever comes sooner, within 60 days of said date.
 - f. Timely Tax Form 8038-R filing, if applicable.
 - g. Procedures or guidelines for monitoring instances where compliance with applicable yield restriction requirements depends on subsequent reinvestment of obligation proceeds in lower yielding investments (for example: reinvestment in zero coupon SLGS).

4. Expenditure and Asset Documentation to be Assembled and Retained
 - a. Documentation of allocations of obligation proceeds to expenditures (i.e. allocation of proceeds to expenditures for the construction, renovation or purchase of facilities owned and used in the performance of exempt purposes).
 - i. Such allocation will be done not later than the earlier of:
 - eighteen (18) months after the later of the date the expenditure is paid, or the date the project, if any, that is financed by the tax-exempt bond issue is placed in service; or
 - the date sixty (60) days after the earlier of the fifth anniversary of the issue date of the tax-exempt bond issue, or the date sixty (60) days after the retirement of the tax-exempt bond issue.
 - b. Documentation of allocations of obligation proceeds to issuance costs.
 - c. Copies of requisitions, draw schedules, draw requests, invoices, bills and cancelled checks related to obligation proceed expenditures during the construction period.
 - d. Copies of all contracts entered into for the construction, renovation or purchase of facilities financed with obligation proceeds.
 - e. Records of expenditure reimbursements incurred prior to issuing bonds for facilities financed with obligation proceeds (Declaration of Official Intent/Reimbursement Resolutions including all modifications).
 - f. List of all facilities and equipment financed with obligation proceeds.
 - g. Depreciation schedules for depreciable property financed with obligation proceeds.
 - h. Documentation that tracks the purchase and sale of assets financed with obligation proceeds.
 - i. Documentation of timely payment of principal and interest payments on the obligation.

- j. Tracking of all issue proceeds and the transfer of proceeds into the debt service fund as appropriate.
- k. Documentation that excess earnings from a Reserve Fund is transferred to the Debt Service Fund on an annual basis. Excess earnings are balances in a Reserve Fund that exceed the Reserve Fund requirement.

5. Miscellaneous Documentation to be Assembled and Retained

- a. Ensure that the project, while the obligation is outstanding, will avoid IRS private activity concerns.
 - i. The Finance Officer shall monitor the use of all obligation-financed facilities in order to:
 - determine whether private business uses of obligation-financed facilities have exceeded the *de minimus* limits set forth in Section 141(b) of the Code as a result of sale of the facilities (including sale of capacity rights, leases and subleases of facilities (including easements or use arrangements for areas outside the four walls, e.g., hosting of cell phone towers), leasehold improvement contracts, licenses, management contracts (in which the District authorizes a third party to operate a facility, e.g. cafeteria), research contracts, preference arrangements (in which the District permits a third party preference, such as parking in a public parking lot), joint ventures, limited liability companies or partnership arrangements, output contracts or other contracts for use of utility facilities (including contracts with large utility users), development agreements which provide for guaranteed payments or property values from a developer, grants or loans made to private entities (including special assessment agreements), naming rights agreements, or other arrangements that provide special legal entitlements to nongovernmental persons; and
 - determine whether private security or payments that exceed the *de minimus* limits set forth in Section 141(b) of the Code have been provided by nongovernmental persons with respect to such obligation-financed facilities.
 - ii. The Finance Officer shall provide training and educational resources to any District staff that have the primary responsibility for the operation, maintenance, or inspection of obligation-financed facilities with regard to the limitations on the private business use of obligation-financed facilities and as to the limitations on the private security or payments with respect to obligation-financed facilities.
- b. The Finance Officer shall undertake the following with respect to the obligations:
 - i. an annual review of the books and records maintained by the District with respect to such obligations; and

- ii. an annual physical inspection of the facilities financed with the proceeds of such obligations, conducted by the Finance Officer with the assistance of any District staff who have the primary responsibility for the operation, maintenance, or inspection of such obligation-financed facilities.
- c. Changes in the project that impact the terms or commitments of the obligation are properly documented and necessary certificates or opinions are on file.

6. Additional Undertakings and Activities that Support Sections 1 through 5 above:

- a. The Finance Officer will notify the District's bond counsel, financial advisor and arbitrage provider of any survey or inquiry by the IRS immediately upon receipt (Usually responses to IRS inquiries are due within 21 days of receipt. Such IRS responses require the review of the above mentioned data and must be in writing. As much time as possible is helpful in preparing the response).
- b. The Finance Officer will consult with the District's bond counsel, financial advisor and arbitrage provider before engaging in post-issuance credit enhancement transactions (i.e. bond insurance, letter of credit, or hedging transactions (i.e. interest rate swap, cap).
- c. The Finance Officer will monitor all "qualified tax-exempt debt obligations" within the first calendar year to determine if the limit is exceeded, and if exceeded, will address accordingly. For tax-exempt debt obligations issued during years 2009 and 2010, the limit is \$30,000,000 (The limit was \$10,000,000 prior to 2009. In 2011 and thereafter it will remain at \$10,000,000 unless changed by Congress). During this period, the limit also applies to pooled financings of the governing body and provides a separate \$30,000,000 for each 501 (c)(3) conduit borrower.
- d. Comply with Continuing Disclosure Requirements.
 - i. If applicable, the timely filing of annual information agreed to in the Continuing Disclosure Certificate.
 - ii. Give notice of any Material Event.
- e. Identify any post-issuance change to terms of bonds which could be treated as a current refunding of "old" bonds by "new" bonds, often referred to as a "reissuance".
- f. The Finance Officer will consult with the District's bond counsel prior to any sale, transfer, change in use or change in users of obligation-financed property which may require "remedial action" under applicable Treasury Regulations or resolution pursuant to the VCAP Program.

A remedial action has the effect of curing a deliberate action taken by the District which results in satisfaction of the private business test or private loan test. Remedial actions under Section 1.141-12(d)(e) and (f) include the

redemption of non-qualified bonds and alternative uses of proceeds or the facility (i.e. use for a qualified purpose instead).

- g. The Finance Officer will ensure that the appropriate tax form for federal subsidy payments is prepared and filed in a timely fashion for applicable obligations (i.e. Build America Bonds).

7. Compliance with Future Requirements

- a. Take measures to comply with any future requirements issued beyond the date of these Post-Issuance Debt Compliance Procedures which are essential to ensuring compliance with the applicable state and federal regulations.

CHECK		CHECK	
NUMBER	VENDOR	DATE	AMOUNT
000016780	HONEYWELL INTERNATIONAL INC.	20131212	634,955.00
000016781	AMERICAN FAMILY LIFE ASSURANCE	20131220	300.90
000016782	AMERITAS LIFE INSURANCE CORP.	20131220	483.24
000016783	DELTA DENTAL	20131220	5,156.42
000016784	INTERNAL REVENUE SERVICE	20131220	237.45
000016786	MADISON NATIONAL LIFE	20131220	2,134.29
000016787	MCDOWELL AGENCY, INC.	20131220	24.00
000016788	MN CHILD SUPPORT PAYMENT CTR.	20131220	1,321.00
000016789	MN REVENUE	20131220	672.47
000016790	MSEA	20131220	1,022.33
000016791	154200 NCPERS MN	20131220	64.00
000016792	SCHULTE, TREVOR	20131220	400.00
000016793	SELECT ACCOUNT	20131220	2,610.00
000016794	SW/WC SVC. COOP - HEALTH INS.	20131220	65,636.23
000016795	VERIZON	20131220	197.01
000016796	Y.M.E.E.A.	20131220	3,373.61
201300087	ING SERVICE CENTER	20131220	15,180.31
201300088	FEDERAL TAX WITHHOLDING	20131220	87,985.84
201300089	MN TEACHERS RETIREMENT ASSOC.	20131220	36,935.68
201300090	PUBLIC EMPLOYEES RETIREMENT	20131220	16,449.03
201300091	STATE TAX WITHHOLDING	20131220	14,270.98
Totals for checks			889,409.79

FUND SUMMARY

<u>FUND</u>	<u>DESCRIPTION</u>	<u>BALANCE SHEET</u>	<u>REVENUE</u>	<u>EXPENSE</u>	<u>TOTAL</u>
01	GENERAL FUND	224,735.30	0.00	236.68	224,971.98
02	FOOD SERVICE	7,037.62	0.00	0.00	7,037.62
04	COMMUNITY SERVICE	9,512.82	0.00	0.00	9,512.82
06	CONSTRUCTION/BUILDING FUND	634,955.00	0.00	0.00	634,955.00
25	REVOCABLE TRUST (FY10)	0.00	0.00	12,932.37	12,932.37
*** Fund Summary Totals ***		876,240.74	0.00	13,169.05	889,409.79

***** End of report *****