



District Service Center
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ADMINISTRATIVE REPORT

TO: Members of the School Board
Keith Jacobus, Ph.D., Superintendent

FROM: Dan Pyan, Director of Finance, 425-6260

DATE: May 17, 2017

TOPIC/PURPOSE OF REPORT: Resolution to authorize sale of \$6,400,000 Certificates of Participation for Woodbury Middle School Addition

REFERENCE TO POLICY/STRATEGIC PLAN: 701, Establishment and Adoption of School District Budget

RECOMMENDED BOARD ACTION: Approve Resolution

DATE FOR BOARD ACTION: May 25, 2017

REPORT

A Lease Purchase financing option is recommended to be used to finance the addition to Woodbury Middle School. The proposed issue will finance the lease purchase of an addition to Woodbury Middle School.

The Lease Purchase will be financed with the sale of \$6,400,000 in Certificates of Participation and not be a general obligation of the District. Payments will be subject to annual appropriations of funds by the School Board, as required by statute. Debt service will be paid from general fund property tax levies as part of the District's annual lease levy.

Jodie Zesbaugh of Ehlers will present the results of the sale being held on May 25, 2017.

The Board is asked to approve a resolution authorizing the sale. A sample resolution is attached, the final resolution will be presented at the Board meeting as the final bids will not be available until Thursday afternoon.

CERTIFICATION OF MINUTES
RELATING TO
CERTIFICATES OF PARTICIPATION, SERIES 2017A

ISSUER: INDEPENDENT SCHOOL DISTRICT NO. 833
(SOUTH WASHINGTON COUNTY SCHOOLS)
COTTAGE GROVE, MINNESOTA

BODY: SCHOOL BOARD

KIND, DATE, TIME AND PLACE OF MEETING: A regular meeting held on May 25, 2017,
at 6:30 o'clock p.m., in the School District.

MEMBERS PRESENT:

MEMBERS ABSENT:

Documents Attached: Extract of Minutes of said meeting.

**RESOLUTION RELATING TO A LEASE-PURCHASE FINANCING AND
CERTIFICATES OF PARTICIPATION, SERIES 2017A; AUTHORIZING
THE ISSUANCE, DETERMINING THE FORM AND DETAILS, AWARDED
THE SALE, AND AUTHORIZING THE EXECUTION, DELIVERY, AND
REGISTRATION**

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

WITNESS MY HAND officially as such recording officer this ____ day of May, 2017.

School District Clerk

EXTRACT OF MINUTES OF A MEETING
OF THE SCHOOL BOARD
OF INDEPENDENT SCHOOL DISTRICT NO. 833
(SOUTH WASHINGTON COUNTY SCHOOLS)
STATE OF MINNESOTA

HELD: MAY 25, 2017

Pursuant to due call and notice thereof, a regular meeting of the School Board of Independent School District No. 833 (South Washington County Schools), Cottage Grove, Minnesota, was duly held on May 25, 2017, at 6:30 o'clock p.m., for the purpose in part of awarding the sale of the Certificates of Participation, Series 2017A of the District.

SEE ATTACHED

Member _____ introduced the following resolution and moved its

adoption:

RESOLUTION RELATING TO A LEASE-PURCHASE FINANCING AND CERTIFICATES OF PARTICIPATION, SERIES 2017A; AUTHORIZING THE ISSUANCE, DETERMINING THE FORM AND DETAILS, AWARDING THE SALE, AND AUTHORIZING THE EXECUTION, DELIVERY, AND REGISTRATION

BE IT RESOLVED by the School Board of Independent School District No. 833 (South Washington County Schools), State of Minnesota, as follows:

Section 1. Authorization and Sale.

1.01 Authorization. This Board finds it necessary and expedient for the School District to enter into a Ground Lease Agreement, a Lease-Purchase Agreement and a Trust Agreement, and to sell and issue its Certificates of Participation, Series 2017A evidencing the proportionate interest of the Registered Owners thereof in Lease Payments to be made by Independent School District No. 833 (South Washington County Schools) pursuant to a Lease-Purchase Agreement (the "Certificates") in the total aggregate principal amount of \$_____. The proceeds of the Certificates will provide funds to pay financing costs and to pay for the financing of the betterment of the Site and the building located thereon, including the construction and equipping of an addition to the Woodbury Middle School site and facility, and all improvements to be constructed on the Site with the proceeds of the Certificates, including the construction and equipping of an addition to the Woodbury Middle School site and facility, and the fixtures, furniture and equipment to be installed thereon or therein (the "Improvements" or the "Project"), for use by the School District as educational facilities.

1.02 Sale. The Board, having been advised by Ehlers & Associates, Inc., its independent municipal advisor, has determined that this issue shall be privately sold after receipt of written proposals, as authorized pursuant to Minnesota Statutes, Section 475.60, Subdivision 2, as amended. The Board has publicly received and considered all proposals presented in conformity with the Terms of Proposal contained in the Official Statement, which are hereby ratified and confirmed in all respects and are incorporated herein by reference as though fully specified in this paragraph. The most favorable of such proposals is ascertained to be that of _____ (the "Original Purchaser") to purchase the Certificates at a price of \$_____, plus interest accrued to settlement, and upon the further terms and conditions set forth in the Terms of Proposal contained in the Official Statement and this resolution. Said proposal is hereby accepted and the sale of the Certificates is hereby awarded to said Original Purchaser.

1.03 Execution of Documents; Return of Good Faith Deposits. The Chair and Clerk are authorized and directed to endorse an acceptance on both copies of the most favorable proposal and to send one copy to the Original Purchaser. The Treasurer is directed to retain the

good faith deposit of the Original Purchaser pending delivery of the Bonds and payment therefor, and the good faith deposits of other proposal makers shall forthwith be returned to them.

1.04 Compliance with Law. All acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed precedent to the issuance of the Lease and the Certificates having been done, having happened and having been performed in regular and due form, time and manner as required by law, it is necessary for this Board to establish the form and terms of the Certificates, to approve the execution of documentation relating thereto, and to provide for the issuance of the Certificates forthwith.

1.05 Provisions Applicable to Lease-Purchase Agreement are also Applicable to the Certificates. The Certificates are certificates of participation in the Lease-Purchase Agreement. Therefore designations, covenants and representations applicable to the Lease-Purchase Agreement shall also be applicable to the Certificates.

Section 2. Documentation; Certificate Terms; Execution and Delivery.

2.01 Financing Documents. There will be prepared the following documents, all of which shall be placed on file in the office of the Clerk:

- (a) Lease-Purchase Agreement dated as of June 22, 2017, by and between the School District and U.S. Bank National Association, as trustee (the "Trustee");
- (b) Ground Lease Agreement dated as of June 22, 2017, by and between the School District and the Trustee; and
- (c) Trust Agreement dated as of June 22, 2017, by and between the School District and the Trustee.

Upon review by Bond Counsel, such documents are approved, with such variations, insertions and additions as are deemed appropriate by the parties and approved by Bond Counsel. The provisions of those agreements are approved and incorporated herein by reference.

2.02. Execution. Upon finalization of the documents described above, and the execution thereof by the other parties thereto, the Chair and Clerk, or other designated signatories acting on their behalf, shall execute and deliver such documents on behalf of the School District. The Chair and Clerk (or their designated signatories) shall execute on behalf of the School District such other contracts, certifications, documents or instruments as Bond Counsel to the School District shall require (including the Continuing Disclosure Certificate), and all certifications, recitals, warranties and representations therein shall constitute the certifications, recitals, warranties and representations of the School District. Execution of any instrument or document by one or more appropriate officers of the School District shall constitute and shall be deemed conclusive evidence of the approval and authorization by the School District and the School Board of the instrument or document so executed.

2.03 Certificate Maturities, Interest Rates and Denominations. The Trustee is authorized and directed to execute and deliver \$_____ principal amount of the Certificates pursuant to, containing the terms and provisions, and in the manner specified in the Trust Agreement, which Certificates shall mature on February 1 in the respective years and amounts stated below and shall bear interest from the date of issue until paid at the respective annual rates set forth opposite such years and amounts, as follows:

| <u>Maturity Date</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|----------------------|-------------------------|----------------------|
| <u>February 1</u> | | |

The Certificates are subject to optional redemption in the years and amounts specified in the Trust Agreement.

The Certificates maturing in the years specified in the proposal, if any, are term certificates subject to mandatory redemption in the years and amounts specified in the Trust Agreement.

The Certificates are subject to extraordinary redemption as specified in Section 2.05 of the Trust Agreement.

Section 3. Certifications; Declaration of Exemption from Rebate Requirements; Designation, Arbitrage Reporting.

3.01 Declaration of Exemption from Rebate Requirements. For purposes of compliance with the requirements of Section 148 of the Code, the Board hereby determines and declares that:

- (a) The School District is a governmental unit with general taxing powers;
- (b) The Certificates are not "private activity bonds" as defined in Section 141 of the Code;
- (c) Ninety-five percent of the net proceeds of the Certificates are to be used for the local government purposes of the School District;
- (d) The aggregate face amount of all tax-exempt obligations (other than Private Activity Bonds) issued by the Issuer in calendar year 2017 is not reasonably expected to exceed \$15,000,000; and no more than \$5,000,000 of said tax-exempt obligations will be used to finance expenditures other than expenditures financing the construction of public school facilities.

Notwithstanding the foregoing, if required by federal law or regulation, the School District agrees to make such calculations and such rebate payments at such times and in such manner as required to comply with Section 148 of the Code and the applicable regulations pertaining thereto.

3.02 Designation as Qualified Tax-Exempt Obligations. The Lease-Purchase Agreement and the Certificates are hereby designated as "Qualified Tax-Exempt Obligations" for the purposes of Section 265 of the Code relating to the deduction of interest expenses allocable to the Certificates by financial institutions.

3.03 Authentication of Transcript. The officers of the School District and the County Auditors of each County in which the School District is located in whole or in part are hereby authorized and directed to prepare and furnish to the Original Purchaser of said Certificates, and to the attorneys approving legality of the issuance thereof, certified copies of all proceedings and records of the School District relating to said Certificates and to the financial condition and

affairs of the School District, and such other affidavits, certificates and information as may be required to show the facts relating to the legality and marketability of said Certificates as they appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the School District as to the facts recited therein.

3.04 Covenant to Continue Tax Exemption. The School District covenants and agrees with the Owners from time to time of the Certificates herein authorized, that it will not take, or permit to be taken by any of its officers, employees or agents, any action which would cause the interest payable on the Certificates to become subject to taxation under the United States Internal Revenue Code; and that it will take, or it will cause its officers, employees or agents to take, all affirmative actions within its powers which may be necessary to insure that such interest will not become subject to taxation under the Internal Revenue Code. The term "Internal Revenue Code" or "Code" as used herein includes the Internal Revenue Code of 1986, as amended, and all regulations, amended regulations and proposed regulations issued thereunder, as now existing, or as hereafter amended or proposed.

3.05 Official Statement. The furnishing of the Official Statement to the Original Purchaser of the Certificates is hereby ratified and confirmed, insofar as the same relates to the Certificates and the sale thereof.

3.06 Information Reporting. For purposes of compliance with the provisions of Section 149(e) of the Code, the School District shall submit to the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Certificates are issued, a statement concerning the issue which meets the requirements of Section 149(e) (2).

3.07 Continuing Disclosure. The Chair and the School District Clerk are authorized and directed to execute and deliver a Continuing Disclosure Certificate to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5) for full disclosure (The "Rule"). The Continuing Disclosure Certificate shall be entered into for the benefit of the Holders of the Certificates and shall constitute the written undertaking required by the Rule to provide or cause to be provided to the MSRB, in an electronic format through the use of the Electronic Municipal Market Access system ("EMMA"), the annual financial information specified therein and to give notice of the occurrence of the Listed Events specified therein, each in the manner specified therein, as required by the Rule. The provisions of the Continuing Disclosure Certificate are incorporated herein as though fully specified in this paragraph.

3.08 Payment of Issuance Expenses. The School District authorizes the Trustee on behalf of the School District to pay issuance expenses from Certificate proceeds on the closing date.

The motion for the adoption of the foregoing resolution was duly seconded by
_____ and upon vote being taken thereon,

the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.