

INDEPENDENT SCHOOL DISTRICT 195
Randolph, Minnesota 55065

REGULAR SCHOOL BOARD MEETING

April 16, 2019

- 1) The Randolph School Board met in regular session on Tuesday, April 16, 2019, at 7:00 p.m. in the Media Center. Gary Moorhouse called the meeting to order. Directors present: Gary Moorhouse, Jason Podritz, Cory Lorenzen, Sara Taylor, Regina Wernimont, Leah Radman, and Michael Kelley, Superintendent. Administrators present: Benjamin Fisher, Aaron Soule, Matt Rutledge and Patty Riemenschneider. Staff members present: Kathy Stauffer and Jackie Sczepanski. Guest: Ken Haggerty.
- 2) A motion to approve the agenda with additions was made by Jason Podritz, seconded by Leah Radman. All members voting in favor.
- 3) A motion was made by Cory Lorenzen, seconded by Jason Podritz to approve the following consent agenda items:
 - 3.1) Minutes of the Regular School Board meeting held March 19, 2019, as presented.
 - 3.2) March, 2019, check register.All members voting in favor.
- 4) A motion was made by Regina Wernimont, seconded by Leah Radman to approve the changes to the following handbooks for 2019-2020:

Elementary Student/Parent Handbook
Community Education Handbook
High School Student/Parent Handbook
Indoor Air Quality Management Handbook

All members voting in favor.
- 5) Matt Rutledge, Elementary Principal, reported MCA testing – parents that “opt out” of their child taking the test has a negative impact on the school overall rating; Grandparents Day program on May 10th.
- 6) Ben Fisher, HS Principal/Special Education Director, reported Randolph School hosted the Carl Perkins Consortium Meeting on April 12th; program approvals for Career & Technical Education (CTE) are being reaffirmed with the state (this is done every 6 years).

- 7) Aaron Soule, Assistant HS Principal/Activities Director, reported the Randolph School Dig Pink event raised over \$24,000 for the Side-Out Foundation, plus over \$3,000 for the Mayo Foundation - this is the second time Randolph School was #1 in the nation! Two teachers recently passed away from breast cancer from Cannon Falls and Lake City – Randolph Staff reached out with a donation to each of these schools. Section placements. Due to inclement weather the 17th Annual Tractor parade was rescheduled for April 17.
- 8) Patty Riemenschneider, Business Manager, reported we received 3 health insurance bids and have decided to stay with Health Partners – 29% rate increase, but it is less than what we were paying in 2014-2015. Bond proceeds were received in March and we are working with Ehlers to invest the proceeds.
- 9) Michael Kelley, Superintendent, reported on the Job Fair April 10th; we will be hosting Southeast Conference Superintendent Meetings this year starting in July; Randolph School does not qualify to offer free summer lunch for students – have to have 50% or more on free & reduced and be census eligible with low income housing; planning new Booster Club concession stand in the Commons; buses running on tarred roads only on last inclement weather day worked very well with minimal affect on attendance.
- 10) The School Board reported on the Building & Grounds Committee Meeting held April 8 with Wold Architects; Community Education Advisory Committee Meeting held on April 16.
- 11) A motion was made by Jason Podritz, seconded by Cory Lorenzen to approve Isaac Peterson’s resignation from his Physical Education Teacher position at the end of the 2018-2019 school year. All members voting in favor.
- 12) A motion was made by Sara Taylor, seconded by Leah Radman to approve Elizabeth Warpinski’s resignation from her English Teacher position at the end of the 2018-2019 school year. All members voting in favor.
- 13) A motion was made by Regina Wernimont, seconded by Jason Podritz to approve Mike Silk as a volunteer softball coach for the 2018-2019 school year. All members voting in favor.
- 14) A motion was made by Leah Radman, seconded by Regina Wernimont to approve Karli O’Reilly’s leave of absence for the start of the 2019-2020 school year, returning approximately November 4th, 2019. All members voting in favor.

15) Member, Regina Wernimont, introduced the following resolution and moved its adoption:

Resolution adopting Post-Issuance Debt Compliance Policy for Tax-exempt and Tax-advantaged Governmental Bonds

WHEREAS, the Independent School District No. 195 (Randolph Public Schools), Minnesota (the "District") from time to time will issue tax-exempt and tax-advantaged governmental bonds; and

WHEREAS, under the Internal Revenue Code of 1986, as amended and related regulations (the "Code"), and Securities and Exchange Commission (the "SEC") the District is required to take certain actions after bond issuance to ensure that interest on those bonds remains in compliance with the Code and SEC; and

WHEREAS, the District has determined to adopt a policy regarding how the District will carry out its compliance responsibilities via written procedures, and to that end, has caused to be prepared documents titled Post-Issuance Debt Compliance Policy and Post-Issuance Debt Compliance Procedures; and

WHEREAS, The School Board (the "Board") of the District has reviewed the Post-Issuance Debt Compliance Policy in connection with the Post-Issuance Debt Compliance Procedures and has determined that it is in the best interest of the District to adopt the Policy.

NOW THEREFORE, BE IT RESOLVED BY THE INDEPENDENT SCHOOL DISTRICT NO. 195 (RANDOLPH PUBLIC SCHOOLS), MINNESOTA; the Board approves the Policy as shown in the form attached; and

BE IT FURTHER RESOLVED; the District staff is authorized to take all actions necessary to carry out the Post-Issuance Debt Compliance Policy and Post-Issuance Debt Compliance Procedures.

Adopted by the Independent School District No. 195 (Randolph Public Schools), Minnesota this 16th day of April, 2019.

The motion for adoption of the foregoing resolution was duly seconded by

Member, Jason Podritz, and upon vote being taken thereon, the following voted in favor thereof:

Jason Podritz, Sara Taylor, Leah Radman, Regina Wernimont, Cory Lorenzen, Gary Moorhosue

and the following voted against the same:

None

whereupon the resolution was declared duly passed and adopted.

16) A motion was made by Cory Lorenzen, seconded by Leah Radman to approve the revisions to Policy 750 – Post-Issuance Debt Compliance. All members voting in favor.

17) A motion was made by Regina Wernimont, seconded by Leah Radman to approve the following procedures for Post-Issuance Debt Compliance.

**Independent School District No. 195
(Randolph Public Schools), Minnesota
Post-Issuance Debt Compliance Procedures**

The School Board (the “Board”) of the Independent School District No. 195 (Randolph Public Schools), Minnesota (the “District”) has adopted the attached Post-Issuance Debt Compliance Policy dated April 16, 2019. 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 Business Manager of the District 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 Business Manager understands that there are options for voluntarily correcting failures to comply with post-issuance compliance requirements (e.g. 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. If an obligation is refunded, then the final payment of the refunding obligation becomes the beginning of the period unless otherwise directed by the District’s bond counsel.
- b) Retain electronic (preferred) and/or paper 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 (i.e. the project or projects) 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) All accounting audits of property financed by the obligation.
 - vi) Obligation transcripts, official statements, and other offering documents of the obligation.
 - vii) Minutes and resolutions authorizing the issuance of the obligation.
 - viii) Certifications of the issue price of the obligation.
 - ix) Any formal elections for the obligation (i.e. an election to employ an accounting methodology other than the specific tracing method).
 - x) Appraisals, demand surveys, or feasibility studies for property financed by the obligation.
 - xi) All information reports filed for the obligations.
 - xii) All management contracts and other service agreements, research contracts, and naming rights contracts.
 - xiii) Documents related to governmental grants associated with construction, renovation or purchase of property financed by the obligation.
 - xiv) Reports of any prior IRS examinations of the District or the District's obligation.
 - xv) All correspondence related to the above (faxes, emails, or letters).
- 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 fund 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 and/or Investment Provider.
 - iii) Documentation of at least quarterly allocations of investments and investment earnings to each obligation.
 - iv) Documentation for investments made with obligation proceeds such as:
 - (1) investment contracts (i.e. guaranteed investment contracts),
 - (2) credit enhancement transactions (i.e. obligation insurance contracts),
 - (3) financial derivatives (e.g. swaps, caps, and collars), and
 - (4) bidding of financial products:
 - (a) Investments acquired with obligation proceeds are purchased at fair market value (e.g. three bid safe harbor rule 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,”
 - (a) 6-Month Spending Exception
 - (b) 18-Month Spending Exception
 - (c) 24-Month Spending Exception
 - (3) qualifying for the “Bona Fide Debt Service Fund Exception,” and
 - (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.
 - i) Remit the form after the date in which the obligation is no longer outstanding (redemption or maturity date), whichever comes sooner, within 2 years of said date.
 - 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 (e.g. reinvestment in zero coupon SLGS).
- 4) Expenditure and Asset Documentation to be Assembled and Retained
- a) Documentation of allocations of obligation proceeds to expenditures (e.g. 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:
 - (1) 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 obligation is placed in service; or
 - (2) the date sixty (60) days after the earlier of the fifth anniversary of the issue date of the obligation, or the date sixty (60) days after the retirement of the obligation.
 - 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 obligations for projects 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 are 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.
 - b) The Business Manager shall monitor the use of all obligation-financed facilities in order to:
 - i) 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:
 - (1) sale of the facilities;
 - (2) sale of District capacity rights;
 - (3) leases and subleases of facilities including easements or use arrangements for areas outside the four walls (e.g. hosting of cell phone towers);
 - (4) leasehold improvement contracts, licenses, management contracts in which the District authorizes a third party to operate a facility (e.g. cafeteria);
 - (5) research contracts;
 - (6) preference arrangements in which the District permits a third-party preference (e.g. parking in a public parking lot, joint ventures, limited liability companies or partnership arrangements);
 - (7) output contracts or other contracts for use of utility facilities including contracts with large utility users;
 - (8) development agreements which provide for guaranteed payments or property values from a developer;
 - (9) grants or loans made to private entities including special assessment agreements;
 - (10) naming rights agreements; and
 - (11) any other arrangements that provide special legal entitlements to nongovernmental persons.
 - ii) 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.

- c) The Business Manager 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.
 - d) The District 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.
 - ii) An annual physical inspection of the facilities financed with the proceeds of such obligations, conducted by the Business Manager with the assistance of any District staff who have the primary responsibility for the operation, maintenance, or inspection of such obligation-financed facilities.
 - e) 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 Business Manager 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 Business Manager will consult with the District's bond counsel, financial advisor and arbitrage provider before engaging in post-issuance credit enhancement transactions (e.g. obligation insurance, letter of credit, or hedging transaction).
 - c) The Business Manager will monitor all "qualified tax-exempt debt obligations" (often referred to as "bank qualified" obligations) within the first calendar year to determine if the limit is exceeded, and if exceeded, will address accordingly. For obligations issued during years 2009 and 2010 the limit was \$30,000,000. During this period, the limit also applied to pooled financings of the governing body and provides a separate \$30,000,000 for each 501 (c)(3) conduit borrower. In 2011 and thereafter it is \$10,000,000 unless changed by Congress.
 - d) Identify any post-issuance change to terms of obligations which could be treated as a current refunding of "old" obligations by "new" obligations, often referred to as a "reissuance."
 - e) The Business Manager 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.
 - i) 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 obligations and/or the alternative uses of proceeds or the facility (i.e. to be used for another qualified purpose).
 - f) The Business Manager will ensure that the appropriate tax form for federal subsidy payments is prepared and filed in a timely fashion for applicable obligations (e.g. Build America Bonds).

7) Continuing Disclosure Obligations

- a) Identify a position at the District to be responsible for compliance with continuing disclosure obligations as defined by the Rule and any policies of the District.
- b) The position responsible for compliance may have the ability to assign responsibilities, delegate where appropriate or engage a dissemination agent or third-party service providers to perform all or some of the duties described in this section. The District cannot delegate its compliance responsibilities.
- c) The District should specify how providers or delegated authorities will be monitored and supervised.
- d) The District should identify the documents that set forth the respective requirements being monitored at the time of closing for each obligation.
- e) The District should catalog all outstanding Continuing Disclosure Agreements and establish consolidated filing requirements based on the outstanding CDAs.
- f) The District should identify the frequency of the actions to be undertaken to ensure compliance, establish a system or filing alerts or reminders to administer the filing requirements.
- g) The Business Manager for compliance must be made aware of any new outstanding debt, changes to obligation or loan covenants, events of acceleration or default that would materially affect investors.
- h) The District should review a compliance checklist to verify compliance with CDA requirements, at least annually, although it may be advisable to provide more frequent reviews in connection to specific material events.
- i) The District should monitor mandatory material events specifically identified in accordance with the Rule and file required notices within 10 days of occurrence.
 - i) Principal and interest payment delinquencies.
 - ii) Non-payment related defaults, if material.
 - iii) Unscheduled draws on debt service reserves reflecting financial difficulties.
 - iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
 - v) Substitution of credit or liquidity providers or their failure to perform.
 - vi) Adverse tax opinion, IRS notices or material events affecting the tax status of the obligation.
 - vii) Modifications to rights of security holders, if material.
 - viii) Obligation calls, if material.
 - ix) Defeasances.
 - x) Release, substitution or sale of property securing repayment of the obligations, if material.
 - xi) Rating Changes.
 - xii) Bankruptcy, insolvency, receivership, or similar event of the obligated person(s).
 - xiii) Merger, consolidation, or acquisition of the obligated person, if material.
 - xiv) Appointment of a successor or additional trustee, or change of name of a trustee, if material.
 - xv) Incurrence of financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms

of a financial obligation of the District, any of which affect security holders, if material.

- xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District, any of which reflect financial difficulties.
 - j) In addition to the mandatory material events, the District should review and file any additional or voluntary event notices.
 - k) The District should maintain a catalog of all outstanding obligations whether publicly offered or privately placed, and the terms and conditions that govern default or acceleration provisions.
 - l) Any missed filing requirement should be remedied with a failure to file notice as soon as possible once the late filing is identified and the required information is available to file.
 - m) Sensitive information such as bank accounts and wire information should be redacted from documents prior to posting on EMMA.
 - n) The District needs to monitor for changes in law and regulations that effect continuing disclosure obligations and review disclosure policies and procedures periodically to ensure compliance and consistency with regulation and market expectations.
- 8) 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.

All members voting in favor.

- 18) Jackie Sczepanski, played a slide show of photos from the Band Trip to Chicago, March 14-17, 2019. Five adults and 33 students made the trip via coach bus. Some of the trip highlights included: Magnificent Mile; Millennium Park; Untouchables Tour; Soldier Field; Field Museum of Natural History; Art Institute of Chicago; Dinner and Mamma Mia performance at Drury Lane; The Museum of Science and Industry, and Skydeck Chicago.
- 19) A motion was made by Sara Taylor, seconded by Leah Radman to amend the 2018-2019 school calendar making April 11, 2019, a non-instructional day, with no make-up day added to the calendar. All members voting in favor.
- 20) A motion to adjourn was made by Regina Wernimont, seconded by Jason Podritz. All members voting in favor.

Clerk: Sara Taylor