

NORTHFIELD PUBLIC SCHOOLS
Office of the Superintendent
Memorandum

TO: Board of Education
FROM: Matt Hillmann Ed.D., Superintendent
RE: Table File Items for October 22, 2018, Regular School Board Meeting

VII. Consent Agenda

B. Personnel Items

a) Appointments

5) Mark Tietz, Auditorium Technician for 4 hours/day 728 annual hours with Community Services, beginning 10/31/2018. \$22.17/hr.

b) Increase/Decrease/Change in Assignment

7) Tina Docken, Teacher at the Middle School, add Targeted Services BLAST Teacher for up to 5 hours/wk Mon.-Thurs. at the Middle School, effective 10/22/2018-05/02/2019; Yr. 2-\$27.11/hr.

**Conditional offers of employment are subject to successful completion of a criminal background check and Prework screening (if applicable)*

VIII. Superintendent's Report

C. Resolution Awarding the Sale, Determining the Form and Details, Authorizing the Execution, Delivery, and Registration, and Providing for the Payment of General Obligation School Building Refunding Bonds, Series 2018A.

Jeff Seeley from Ehlers will review the refunding of Series 2018A bonds.

Superintendent's Recommendation: Motion to approve the Resolution Awarding the Sale, Determining the Form and Details, Authorizing the Execution, Delivery, and Registration, and Providing for the Payment of General Obligation School Building Refunding Bonds, Series 2018A.

IX. Items for Information

F. S&P Global Rating. Director of Finance Val Mertesdorf will review the recent confirmation of the District's AA+ bond rating as assigned by Standard & Poor's. This is the second best rating a school system can be assigned; only three school districts in Minnesota have earned a AAA rating.

CERTIFICATION OF MINUTES RELATING
TO
GENERAL OBLIGATION SCHOOL BUILDING REFUNDING BONDS, SERIES 2018A

ISSUER: INDEPENDENT SCHOOL DISTRICT NO. 659
(NORTHFIELD PUBLIC SCHOOLS)
STATE OF MINNESOTA

BODY: SCHOOL BOARD

KIND, DATE, TIME AND PLACE OF MEETING: A regular meeting held on October 22, 2018, at 7:00 o'clock p.m., in the District.

MEMBERS PRESENT:

MEMBERS ABSENT:

DOCUMENTS ATTACHED: Extract of Minutes of said meeting.

**RESOLUTION AWARDING THE SALE, DETERMINING THE FORM AND
DETAILS, AUTHORIZING THE EXECUTION, DELIVERY, AND
REGISTRATION, AND PROVIDING FOR THE PAYMENT OF GENERAL
OBLIGATION SCHOOL BUILDING REFUNDING BONDS, SERIES 2018A**

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 October, 2018.

School District Clerk

EXTRACT OF MINUTES OF A MEETING
OF THE SCHOOL BOARD OF
INDEPENDENT SCHOOL DISTRICT NO. 659
(NORTHFIELD PUBLIC SCHOOLS)
STATE OF MINNESOTA

HELD: OCTOBER 22, 2018

Pursuant to due call and notice thereof, a regular meeting of the School Board of Independent School District No. 659, State of Minnesota, was duly held on October 22, 2018, at 7:00 o'clock p.m.

It was reported that _____ proposals for the purchase of the approximately \$7,715,000 General Obligation School Building Refunding Bonds, Series 2018A of the District (said amount being subject to adjustment in accordance with the Terms of Proposal) had been received prior to 10:30 o'clock a.m., Central Time, pursuant to the Terms of Proposal contained in the Official Statement; that the proposals had been opened, read and tabulated; and that the best proposal of each proposal maker was determined to be as follows:

SEE ATTACHED

Member _____ introduced the following resolution and moved its

adoption:

**RESOLUTION AWARDING THE SALE, DETERMINING THE FORM AND
DETAILS, AUTHORIZING THE EXECUTION, DELIVERY, AND
REGISTRATION, AND PROVIDING FOR THE PAYMENT OF GENERAL
OBLIGATION SCHOOL BUILDING REFUNDING BONDS, SERIES 2018A**

BE IT RESOLVED by the School Board of Independent School District No. 659, State of Minnesota, as follows:

Section 1. Authorization and Sale.

1.01 Authorization. At a meeting held September 24, 2018, this Board determined to sell and issue general obligation refunding bonds of Independent School District No. 659 (the "Issuer" or the "District"). Said Bonds shall hereinafter be referred to as the "Bonds" or the "Refunding Bonds". In the Terms of Proposal, the District reserved the right, after proposals were opened and prior to award, to increase or decrease the principal amount of the Bonds offered for sale or the amount of any individual maturity, with the increase or decrease to occur in multiples of \$5,000 in any of the maturities. The Refunding Bonds, together with other available funds of the Issuer in the amount of \$ _____, shall provide funds for a current refunding of the Refunded Bonds and to prepay on February 1, 2019, the 2020 to 2022 maturities, aggregating \$7,670,000 in principal amount, of the Issuer's General Obligation School Building Refunding Bonds, Series 2010A, bearing a date of original issue of February 16, 2010 (the "Refunded Bonds"). The Refunded Bonds were originally issued to provide funds for the crossover refunding of the District's General Obligation School Building Bonds, Series 2001, bearing a date of original issue of July 1, 2001.

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. 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 "Purchaser") to purchase the Bonds 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 Bonds is hereby awarded to said Purchaser.

1.03 Execution of Documents. 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 Purchaser.

1.04 Purpose; Compliance with Current Refunding Law; Debt Service Savings; Findings; Security.

(a) **Compliance.** The Refunding Bonds shall provide moneys for a current refunding of the Refunded Bonds. It is hereby determined and declared that the refunding of the Refunded Bonds complies with Minnesota Statutes, Section 475.67, and is consistent with the covenants made with the holders thereof. The Issuer has observed and complied with all of the obligations and covenants made by the School Board in connection with the issuance of the Refunded Bonds.

(b) **Use of Proceeds of Refunded Bonds.** All of the proceeds, including the investment earnings thereon, of the Refunded Bonds have heretofore been expended by the Issuer for the uses and purposes for which the District issued the Refunded Bonds.

(c) **Redemption.** The Refunded Bonds are called for redemption on February 1, 2019, the earliest date on which they may be called for redemption without payment of any premium.

(d) **Security.** Until retirement and prepayment of the Refunded Bonds, all provisions made for the security of the Refunded Bonds shall be observed by the Issuer.

(e) **Supplemental Resolution.** The resolutions of the School Board authorizing the issuance of the Refunded Bonds are hereby supplemented to the extent necessary to give effect to the provisions of this resolution.

1.05 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 Bonds 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 Bonds, to provide for the security thereof, and to provide for the issuance of the Bonds forthwith.

1.06 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 Bond 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 Bond 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 Bond Registrar. The District understands that as a result of its covenant to be bound by the provisions 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 or 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.

Section 2. Bond Terms.

2.01 Designation; Registration; Denomination; Maturities. The \$ _____ aggregate principal amount of general obligation bonds sold on this date shall be designated General Obligation School Building Refunding Bonds, Series 2018A, shall be dated November 15, 2018, as the date of original issue, and shall be issued forthwith on or after such date using a global book-entry system. The Bonds shall be issued as fully registered bonds and shall be numbered R-1 upward, in the denomination of \$5,000 each or any integral multiple thereof of a single maturity. The Bonds shall mature on February 1 in the years and amounts set forth below, and shall bear interest from the most recent Interest Payment Date to which interest has been paid or provided for, or, if no interest has been duly paid or provided for, from the date of original issue until paid or duly called for mandatory redemption, if herein provided, at the rates per annum set forth below opposite such years and amounts, as follows:

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>
	\$			\$	

The maturities for the years _____ to _____ have been adjusted pursuant to the proposal of the Purchaser and as authorized in the Terms of Proposal. The Bonds maturing on February 1 in the years _____ and _____ are term bonds subject to mandatory redemption in the years and principal amounts specified in Paragraph 2.04(b).

These maturities, together with the maturities of all other outstanding general obligation bonds of the Issuer, meet the requirements of Minnesota Statutes, Section 475.54.

2.02 Interest Payments. Interest shall be payable semiannually on each February 1 and August 1 to maturity (each an "Interest Payment Date"), commencing August 1, 2019. Interest will be calculated on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the MSRB. Interest will be payable in the manner set forth in the form of Global Certificate or Replacement Bond and Paragraph 4.06 of this resolution.

2.03 Use of Global Book-Entry System.

(a) Description of System. In order to issue obligations in "global book-entry form", the obligations are issued in certificated form in large denominations, are registered on the books of the Issuer in the name of a depository or its nominee, and are immobilized and held in safekeeping by the depository. The depository, as part of the computerized National Securities Clearance and Settlement System (the "National System"), registers transfers of ownership interests in the obligations by making computerized book entries on its own books and distributing payments on the obligations to its participants shown on its books as the owners of such interests. These participants, which include financial institutions for whom the depository effects book-entry transfers of securities deposited and immobilized with the depository, and other banks, brokers and dealers participating in the National System will do likewise if not the beneficial owners of the obligations.

(b) Designation of Depository; Approval of Blanket Issuer Letter of Representations. The Depository Trust Company ("DTC") of New York, New York, a Securities and Exchange Commission designated depository, a limited purpose New York trust company, a member of the Federal Reserve System, and a "clearing corporation" within the meaning of the New York Uniform Commercial Code, is hereby designated as the depository (the "Depository") with respect to the Bonds issued hereunder in global book-entry form. There has been submitted to this Board a form of letter of representations (the "Blanket Issuer Letter of Representations") between the Issuer and the Depository setting forth various matters relating to the Depository and its role with respect to the Bonds. This Blanket Issuer Letter of Representations is hereby approved. The Chair or the Clerk is hereby authorized and directed to execute the Blanket Issuer Letter of Representations in substantially the form attached hereto as EXHIBIT C, if such a letter of representations has not already been executed, with only such variations therein as may be required to complete the Blanket Issuer Letter of Representations, or which are not, in the opinion of Bond Counsel, materially adverse to the interests of the Issuer. Execution of the Blanket Issuer Letter of Representations by such official shall be conclusive evidence as to the necessity and propriety of such changes and their approval by Bond Counsel. So long as DTC is the Depository or it or its nominee is the Holder of any Global Certificate, the District shall comply with the provisions of the Blanket Issuer Letter of Representations, as it may be amended or supplemented by the District from time to time with the agreement or consent of DTC.

(c) Global Certificates. Upon their original issuance, the Bonds will be issued in the form of a single Global Certificate for each maturity which shall represent the aggregate principal amount of the Bonds due on a particular maturity date (the "Global Certificates"). The Global Certificates will be originally issued and fully registered as to principal and interest in the name of Cede & Co., as nominee of DTC. The Global Certificates will be deposited with the Depository by the Purchaser and will be immobilized as further provided herein. No beneficial owners of interest in the Bonds will receive certificates representing their respective interests in the Bonds except as provided below in clause (e) of this Paragraph 2.03. Except as so provided, during the term of the Bonds, beneficial ownership (and subsequent transfers of beneficial ownership) of interests in the Global Certificates will be reflected by book entries made on the records of the Depository and its participants and other banks, brokers, and dealers participating in the National System. The Depository's book entries of beneficial ownership interest are authorized to be in integral increments of \$5,000, despite the larger authorized denominations of the Global Certificates. Payment of principal of, premium, if any, and interest on the Global Certificates will be made to the Bond Registrar as paying agent, and in turn by the Bond Registrar to the Depository or its nominee as registered owner of the Global Certificates. The Depository, according to the laws and rules governing it, will receive and forward such payments on behalf of the beneficial owners of the Global Certificates.

(d) Immobilization of Global Certificates by the Depository. Pursuant to the request of the Purchaser to the Depository, immediately upon the original delivery of the Bonds, the Purchaser will deposit the Global Certificates representing all of the Bonds with the Depository. The Global Certificates shall be in typewritten form or otherwise as acceptable to the Depository, shall be registered in the name of the Depository or its nominee and shall be held immobilized from circulation at the offices of the Depository on behalf of the Purchaser and subsequent Bondholders. The Depository or its nominee will be the sole Holder of record of the Global Certificates and no investor or other party purchasing, selling or otherwise transferring ownership of interests in any Bond is to receive, hold or deliver any Global Certificates so long as the Depository holds the Global Certificates immobilized from circulation, except as provided below in clause (e) of this Paragraph 2.03.

(e) Transfer or Exchange of Global Certificates; Substitute Depository; Replacement Bonds.

Global Certificates evidencing the Bonds may not, after their original delivery, be transferred or exchanged except:

(i) Upon exchange of a Global Certificate after a partial redemption, if authorized in Paragraph 2.04 of this resolution;

(ii) To any successor of the Depository (or its nominee) or any substitute depository (a "Substitute Depository") designated pursuant to subclause (iii) of this clause (e); provided that any successor of the Depository or any Substitute Depository must be both

a "clearing corporation" as defined in the Minnesota Uniform Commercial Code, Minnesota Statutes, Section 336.8-102, and a qualified and registered "clearing agency" as provided in Section 17A of the Securities Exchange Act of 1934, as amended;

(iii) To a Substitute Depository designated by and acceptable to the Issuer upon (a) the determination by the Depository that the Bonds shall no longer be eligible for its depository services or (b) a determination by the Issuer that the Depository is no longer able to carry out its functions; provided that any Substitute Depository must be qualified to act as such, as provided in subclause (ii) of this clause (e); or

(iv) In the event that (a) the Depository shall resign or discontinue its services for the Bonds or be declared no longer able to carry out its functions and the Issuer is unable to locate a Substitute Depository within two (2) months following the resignation or discontinuance or determination of noneligibility, or (b) the Issuer determines in its sole discretion that (1) the continuation of the book-entry system described herein might adversely affect the interests of the beneficial owners of the Bonds, or (2) it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, then the Issuer shall notify the Holders of its determination and of the availability of Replacement Bonds to Holders. The Issuer, the Bond Registrar and the Depository shall cooperate in providing Replacement Bonds to Holders requesting the same and the registration, transfer and exchange of such Bonds shall thereafter be conducted as provided in Paragraph 4.04 of this resolution.

In the event of the designation of a Substitute Depository as authorized by this clause (e), the Bond Registrar, upon presentation of the Global Certificates, shall register their transfer to the Substitute Depository, and the Substitute Depository shall be treated as the Depository for all purposes and functions under this resolution. The Blanket Issuer Letter of Representations shall not apply to the Substitute Depository unless the Issuer and the Substitute Depository so agree, and the execution of a similar agreement is hereby authorized.

2.04 Redemption. (a) Optional Redemption. The Bonds of this Issue are not subject to optional redemption or prepayment prior to maturity.

(b) Mandatory Redemption. (1) The Bonds maturing in the year ____ shall be subject to mandatory redemption at a redemption price equal to the principal amount of the Bonds to be so redeemed plus interest accrued thereon to the date fixed for redemption, on February 1 in the years and principal amounts set forth below:

<u>Year</u>	<u>Amount</u>
	\$

(2) The Bonds maturing in the year ____ shall be subject to mandatory redemption at a redemption price equal to the principal amount of the Bonds to be so redeemed plus interest accrued thereon to the date fixed for redemption, on February 1 in the years and principal amounts set forth below:

<u>Year</u>	<u>Amount</u>
	\$

(3) Mandatory redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the Issuer shall determine the order of redemption of Bonds; and if only part of the Bonds having a common maturity date are called for prepayment, the Global Certificates to be prepaid may be prepaid in \$5,000 increments of principal and, if applicable, the specific Replacement Bonds to be prepaid shall be chosen by lot by the Bond Registrar as provided below. Bonds or portions thereof called for redemption shall be due and payable on the designated redemption date, and interest thereon shall cease to accrue from and after the redemption date.

(c) Mandatory Redemption of Global Certificates. Upon a partial redemption in the aggregate principal amount of a Global Certificate which results in the stated amount thereof being reduced, the Holder may in its discretion make a notation of such redemption on the panel provided on the Global Certificate stating the amount so redeemed, or may return the Global Certificate to the Bond Registrar in exchange for a new Global Certificate authenticated by the Bond Registrar, in proper principal amount. Such notation of redemption, if made by the Holder, shall be for reference only, and may not be relied upon by any other person as being in any way determinative of the principal amount of such Global Certificate outstanding, unless the Bond Registrar has signed the appropriate column of the panel.

(d) Mandatory Redemption of Replacement Bonds. To effect a partial redemption of Replacement Bonds having a common maturity date, the Bond Registrar, prior to giving a notice of redemption, shall assign to each Replacement Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Replacement Bond. The Bond Registrar shall then select by lot from the numbers so assigned to such Replacement Bonds, using such method of selection as it shall deem proper in its discretion, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Replacement Bonds to be redeemed. The Replacement Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each such Replacement Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 of principal amount for each number assigned to it and so selected. If a Replacement Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the Issuer or the Bond Registrar so requires, a written instrument of transfer in form satisfactory to the Issuer and the Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly

authorized in writing) and the Issuer shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of such Replacement Bond, without service charge, a new Replacement Bond or Bonds of the same series having the same stated maturity and interest rate and of any authorized denomination or denominations, as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Replacement Bond so surrendered.

(e) Notice of Mandatory Redemption of Global Certificates and Replacement Bonds. The Bond Registrar shall call Bonds for redemption and payment as herein provided upon receipt by the Bond Registrar of a request of the Issuer. The request shall be in written form. The request shall specify the principal amount of Bonds to be called for redemption, the redemption date and the redemption price.

Published notice of redemption shall in each case be given in accordance with law, and mailed notice of redemption shall be given to the paying agent and to each affected Holder. If and when the Issuer shall call any of the Bonds for redemption and payment prior to the stated maturity thereof, the Bond Registrar shall give written notice in the name of the Issuer of its intention to redeem and pay such Bonds at the office of the Bond Registrar. The Notice of Redemption shall be given by first class mail, postage prepaid, mailed not less than thirty (30) days prior to the redemption date, to each Holder of Bonds to be redeemed, at the address appearing in the records of the Bond Registrar. For the purpose of giving notice of the redemption of Global Certificates, the Holder of the Global Certificates shall be the Depository or its nominee. In connection with any such notice, the "CUSIP" numbers assigned to the Bonds shall be used. All notices of redemption shall state:

- (i) The redemption date;
- (ii) The redemption price;
- (iii) If less than all outstanding Bonds are to be redeemed, the identification (and, if the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed;
- (iv) That on the redemption date, the redemption price will become due and payable upon each such Bond, and that interest thereon shall cease to accrue from and after said date; and
- (v) The place where such Bonds are to be surrendered for payment of the redemption price (which shall be the office of the Bond Registrar).

Section 3. Form of Bonds.

The Bonds to be issued hereunder shall be in the form of Global Certificates unless and until Replacement Bonds are made available as provided herein.

3.01 Global Certificates. The Global Certificates to be issued hereunder, together with the Bond Registrar's Certificate of Authentication, the Register of Partial Payments, the form of Assignment, and the registration information thereon, shall be in substantially the form set forth in EXHIBIT A hereto, which exhibit is incorporated herein by reference as though fully specified in this paragraph, and may be typewritten rather than printed.

3.02 Replacement Bonds. If the Issuer has notified Holders that Replacement Bonds have been made available as provided in Paragraph 2.03(e) of this resolution, then for every Bond thereafter transferred or exchanged (including an exchange to reflect the partial mandatory redemption of a Global Certificate not previously exchanged for Replacement Bonds), the Bond Registrar shall deliver a bond in the form of a Replacement Bond rather than a Global Certificate, but the Holder of a Global Certificate shall not otherwise be required to exchange the Global Certificate for one or more Replacement Bonds since the Issuer recognizes that some Holders may prefer the convenience of the Depository's registered ownership of the Bonds even though the entire issue is no longer required to be in global book-entry form. The Replacement Bonds, together with the Bond Registrar's Certificate of Authentication, the form of Assignment and the registration information thereto, shall be in substantially the form set forth in EXHIBIT B hereto, which exhibit is incorporated herein by reference as though fully specified in this paragraph.

Section 4. Execution; Delivery; Registration.

4.01 Appointment of Registrar. Bond Trust Services Corporation in Roseville, Minnesota, is appointed to act as the bond registrar and transfer agent (the "Bond Registrar") and shall do so until a successor Bond Registrar is duly appointed, all pursuant to a contract the Issuer and Bond Registrar shall execute which is consistent herewith and which the chair and clerk are hereby authorized to execute and deliver. A successor Bond Registrar shall be a bank or trust company eligible for designation as bond registrar pursuant to Minnesota Statutes, Chapter 475. The terms of the appointment of the successor Bond Registrar and its duties shall be specified in a contract between the Issuer and such successor Bond Registrar that is consistent herewith and that the Chair and Clerk are hereby authorized to execute and deliver. The Bond Registrar, which may act through an agent, shall also serve as paying agent until and unless a successor paying agent is duly appointed. The Bond Registrar shall pay principal and interest on the Bonds to the registered Holders (or record Holder) of the Bonds in the manner set forth in the form of Global Certificate or Replacement Bond, as applicable, and Paragraph 4.06 of this resolution. The Issuer agrees to pay the reasonable and customary charges for the services of such Bond Registrar.

4.02 Execution of Bonds. The Bonds shall be executed on behalf of the Issuer by the manual signatures of the Chair and Clerk of the School Board; provided, however that both of such signatures may be printed facsimiles, in which event the Bonds shall also be executed manually by the authenticating agent as provided in Minnesota Statutes, Section 475.55. In the event of disability or resignation or other absence of either such officer, the Bonds may be signed by the manual or facsimile signature of that officer who may act on behalf of such absent or disabled officer. In case either such officer whose signature or

facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if that officer had remained in office until delivery. If the Issuer has adopted a corporate seal, it shall be omitted on the Bonds as permitted by law.

4.03 Authentication; Date of Registration. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this resolution unless and until a Certificate of Authentication on such Bond, substantially in the form set forth in the form of Global Certificate or Replacement Bond, shall have been duly executed by the manual signature of an authorized representative of the Bond Registrar. Certificates of authentication on different Bonds need not be signed by the same person. The Bond Registrar shall authenticate each Bond by execution of the Certificate of Authentication on the Bond and shall date each Bond in the space provided as of the date on which the Bond is registered. For purposes of delivering the original Bonds (Global Certificates) to the Purchaser, the Bond Registrar shall insert as the date of registration the date of original issue; and the executed Certificate of Authentication on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

4.04 Transfer or Exchange. The Issuer will cause to be kept at the principal office of the Bond Registrar a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the Bond Registrar shall provide for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged as herein provided.

A Global Certificate shall be registered in the name of the payee on the books of the Bond Registrar by presenting the Global Certificate for registration to the Bond Registrar, who will endorse his or her name and note the date of registration opposite the name of the payee in the certificate of registration on the Global Certificate. Thereafter a Global Certificate may be transferred by delivery with an assignment duly executed by the Holder or the Holder's legal representative, and the Issuer and Bond Registrar may treat the Holder as the person exclusively entitled to exercise all the rights and powers of an owner until a Global Certificate is presented with such assignment for registration of transfer, accompanied by assurance of the nature provided by law that the assignment is genuine and effective, and until such transfer is registered on said books and noted thereon by the Bond Registrar, all subject to the terms and conditions provided in this resolution and to reasonable regulations of the Issuer contained in any agreement with, or notice to, the Bond Registrar.

Upon surrender for transfer of any Bond at the principal office of the Bond Registrar, the Issuer shall execute (if necessary), and the Bond Registrar shall authenticate, date (in the space designated Date of Registration) and deliver, in the name of the designated transferee or transferees, one or more new Bonds of any authorized denomination or denominations of a like aggregate principal amount, having the same stated maturity and interest rate, as requested by the transferor; provided, however, that no Bond may be registered in blank or in the name of "bearer" or similar designation.

When any Bond is presented to the Bond Registrar for transfer, the Bond Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Bond Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

At the option of the Holder of a Replacement Bond, Replacement Bonds may be exchanged for Replacement Bonds of any authorized denomination or denominations of a like aggregate principal amount and stated maturity, upon surrender of the Replacement Bonds to be exchanged at the principal office of the Bond Registrar. Whenever any Replacement Bonds are so surrendered for exchange, the Issuer shall execute (if necessary), and the Bond Registrar shall authenticate, date (in the space designated Date of Registration) and deliver the Replacement Bonds which the Holder making the exchange is entitled to receive. Global Certificates may not be exchanged for Global Certificates of smaller denominations.

All Bonds surrendered upon any exchange or transfer provided for in this resolution shall be promptly canceled by the Bond Registrar and thereafter disposed of as directed by the Issuer.

All Bonds delivered in exchange for or upon transfer of Bonds shall be valid general obligations of the Issuer evidencing the same debt, shall be entitled to the same benefits under this resolution as the Bonds surrendered for such exchange or transfer, and shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bonds.

Transfer of a Bond may be made on the Issuer's books by the registered owner in person or by the registered owner's attorney duly authorized in writing. Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the Bond Registrar, duly executed by the registered owner thereof, with signature guaranteed, or by the registered owner's attorney duly authorized in writing, and shall include written instructions as to the details of the transfer of the Bond.

The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of any Bond and any legal or unusual costs regarding transfers and lost bonds.

Transfers shall also be subject to reasonable regulations of the Issuer contained in any agreement with, or notice to, the Bond Registrar, including regulations which permit the Bond Registrar to close its transfer books between record dates and payment dates.

4.05 Mutilated, Lost, Stolen or Destroyed Bonds. In case any Bond shall become mutilated or be lost, stolen or destroyed, the Bond Registrar shall deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon

cancellation of any such mutilated Bond or in lieu of and in substitution for any such Bond lost, stolen or destroyed, upon payment of the reasonable expenses and charges of the Bond Registrar in connection therewith; and, in the case of a Bond lost, stolen or destroyed, upon filing with the Registrar of evidence satisfactory to it that such Bond was lost, stolen or destroyed, and of the ownership thereof, and upon furnishing to the Bond Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the Issuer and the Bond Registrar shall be named as obligees. All Bonds so surrendered to the Bond Registrar shall be canceled by it and evidence of such cancellation shall be given to the District. If the mutilated, lost, stolen or destroyed Bond has already matured, it shall not be necessary to issue a new Bond prior to payment.

4.06 Interest Payments; Record Dates. Interest on any Global Certificate shall be paid as provided in the first paragraph thereof and interest on any Replacement Bond shall be paid on each Interest Payment Date by check or draft mailed to the person in whose name the Bond is registered (the "Holder") on the registration books of the Issuer maintained by the Bond Registrar and in each case at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date fixed for the payment of such defaulted interest (the "Special Record Date"). The Special Record Date shall be fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest, and notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten (10) days prior thereto. The term "Holder" shall also include those lawfully entitled to take actions on behalf of the beneficial owners of the Bonds for purposes of any consent or approvals given by Holders.

If the date for payment of the principal of, premium, if any, or interest on this Bond shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the City of New York, New York, or the city where the principal office of the Bond Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

4.07 Persons Deemed Owners. The Issuer and the Bond Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest (subject to the payment provisions in Paragraph 4.06 above), on such Bond and for all other purposes whatsoever, whether or not such Bond shall be overdue, and neither the Issuer nor the Bond Registrar shall be affected by notice to the contrary.

For the purposes of all actions, consents and other matters affecting Holders of Bonds issued under this Resolution as from time to time supplemented, other than payments, redemptions, and purchases, the Issuer may (but shall not be obligated to) treat as the Holder

of a Bond the beneficial owner of the Bond instead of the person in whose name the Bond is registered. For that purpose, the Issuer may ascertain the identity of the beneficial owner of the Bond by such means as the Bond Registrar in its sole discretion deems appropriate, including but not limited to a certificate from the Depository or other person in whose name the Bond is registered identifying such beneficial owner.

4.08 Delivery. The Bonds when so prepared and executed shall be delivered by the Treasurer of the Issuer to the Purchaser thereof upon receipt of the purchase price, and the Purchaser shall not be obliged to see to the proper application thereof.

Section 5. Creation of Fund and Tax Levies.

5.01 Fund. There is hereby created within the Debt Redemption Fund of the Issuer a special fund to be designated "General Obligation School Building Refunding Bonds, Series 2018A Fund" (the "Fund") to be held and administered by the Treasurer separate and apart from all other funds of the Issuer. The Fund shall be maintained in the manner herein specified until all of the Refunded Bonds and the Bonds herein authorized and the interest thereon have been fully paid. There shall be maintained in the Fund two separate accounts to be designated the "Refunding Account" and the "Debt Service Account", respectively.

(a) Refunding Account. The proceeds of the sale of the Bonds herein authorized, less any accrued interest received thereon and other proceeds directed for deposit into the Debt Service Account, plus other available District funds (estimated at \$_____) as may be required to adequately fund the Refunding Account for the purposes set forth below, are hereby pledged and appropriated and shall be credited to the Refunding Account. The Refunding Account shall be used to pay the principal amount of each such Refunded Bond at maturity or on the date on which it has been called for redemption as herein provided, and the issuance expenses of the Bonds. The moneys in said Refunding Account shall be used solely for the purposes herein set forth and for no other purpose, except that after such payments have been made, any surplus in the Refunding Account shall be transferred to the Debt Service Account.

(b) Debt Service Account. There is hereby pledged and appropriated and there shall be credited to the Debt Service Account upon issuance of the Bonds (i) any uncollected taxes heretofore levied and pledged to the Debt Redemption Fund of the Issuer for the payment of the Refunded Bonds; (ii) any other unexpended moneys pledged to the Debt Redemption Fund of the Issuer for the payment of the Refunded Bonds pursuant to the Resolutions authorizing the issuance of the Refunded Bonds (unless used to fund the Refunding Account; (iii) all taxes herein levied; (iv) all accrued interest received upon delivery of the Bonds (unless used to fund the Refunding Account; (v) any premium or unused discount to the extent not otherwise deposited into the Refunding Account and used for payment of the Refunded Bonds; (vi) all investment earnings on funds held in the Debt Service Account and (vii) any and all other moneys which are properly available and which are appropriated by the Issuer to the Debt Service Account. The Debt Service Account shall be used solely to pay the principal and interest on the Bonds and any of the bonds heretofore or hereafter

authorized and made payable from said account as provided by law. If any payment of principal or interest on the Bonds shall become due when there is not sufficient money in the Debt Service Account or the Debt Redemption Fund generally to make such payment, the Treasurer shall pay the same from the General Fund of the Issuer and the General Fund shall be reimbursed for such advances out of the proceeds of the taxes levied for the payment of such Bonds.

5.02 Cancellation of Levies. Until prepayment of the Refunded Bonds, all provisions theretofore made for the security thereof shall be observed by the Issuer and all of its officers and agents. However, the School Board hereby finds, determines and certifies to the County Auditor of each county in which the Issuer is located, in whole or in part, that the proceeds of the sale of the Refunding Bonds to be used to refund said Refunded Bonds, together with other funds available and appropriated to the Refunding Account for said purpose, will be sufficient, together with the earnings on the investment of such funds in said Refunding Account, to pay when due or called for prepayment as herein provided all of the principal of and premium, if any, on the Refunded Bonds. Accordingly, upon Bond Closing the County Auditors of each county in which the Issuer is located in whole or in part are hereby authorized and directed to the extent and in the manner permitted by law to cancel forthwith or if necessary from year to year the taxes levied in the years 2018 payable 2019 through 2020 payable 2021 pursuant to the Resolution authorizing the issuance of the Refunded Bonds and not needed as a result of the establishment of the aforesaid Refunding Account.

5.03 Pledge of Full Faith and Credit; Tax Levies. For the prompt and full payment of the principal of and interest on the Bonds as the same respectively become due, the full faith and credit and taxing powers of the Issuer shall be and are hereby irrevocably pledged. In order to provide the moneys for the payment thereof required by Minnesota Statutes, Section 475.61, there is hereby levied upon all of the taxable property in the Issuer a direct annual ad valorem tax which shall be spread upon the tax rolls for collection, as a part of other general taxes of the Issuer, in the years and amounts as specified on the levy computation sheet attached hereto as EXHIBIT D and incorporated herein by reference as though fully specified in this paragraph.

The tax levies provided in this paragraph are such that if collected in full they, together with estimated collections of other revenues herein pledged for the payment of the Bonds (other than cash on hand), will produce at least five percent (5%) in excess of the amounts needed to meet when due the principal and interest payments on the Bonds, except for interest payable hereunder from cash on hand on the date of Bond closing and pledged for such purpose.

Said tax levies shall be irrevocable as long as any of said Bonds are outstanding and unpaid, provided that the Issuer reserves the right and power to reduce the levies in the manner and to the extent permitted by Minnesota Statutes, Section 475.61.

5.04 Investment Restrictions. No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued and (2) in addition to the above in an amount not greater than the lesser of five percent (5%) of the proceeds of the Bonds or \$100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Refunding Account or Debt Service Account (or any other District account which will be used to pay principal or interest to become due on the Bonds) in excess of amounts which under then-applicable federal arbitrage restrictions may be invested without regard to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by said arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. In addition, the proceeds of the Bonds and money in those accounts shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code").

5.05 Redemption of Refunded Bonds. The Refunded Bonds which mature in 2020 and thereafter shall be redeemed and prepaid on February 1, 2019, in accordance with the terms and conditions of the Notice of Call for Redemption attached hereto as EXHIBIT E, which terms and conditions are hereby approved and incorporated herein by reference. The Notice of Call for Redemption shall be mailed to the Paying Agent for and the registered owners of the Refunded Bonds not less than thirty (30) days before the redemption date. The form of the Notice of Call may contain such additional information or different provisions concerning the redemption as may be requested by the Paying Agent for the Refunded Bonds.

Section 6. Exemption from Rebate Requirements.

6.01 Arbitrage Rebate Exemption. It is hereby found and determined that all gross proceeds of the Bonds (other than gross proceeds held in a bona fide debt service fund) will be expended for the governmental purpose for which the Bonds are issued within six (6) months of the date of issuance of the Bonds. Therefore, the Issuer shall not be required to comply with the arbitrage rebate requirements of Section 148(f) of the Code with respect to the Bonds. However, if required by federal law or regulations, the Issuer will make such calculations and 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.

Section 7. Certifications, Designations, Defeasance, Arbitrage, Reporting.

7.01 Filing of Resolution; County Auditor Certificate. The Clerk is hereby authorized and directed to file with the County Auditor of each county in which the Issuer is located in whole or in part a certified copy of this resolution, together with such other

information as said County Auditor shall require, and to obtain from said County Auditor a certificate that the tax required by law for the payment of said Bonds has been levied, and that said Bonds have been entered upon the County Auditor's Bond Register.

7.02 Defeasance. When all of the Bonds have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution shall cease. The Issuer may discharge its obligations with respect to any Bonds which are due on any date by depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full with interest accrued from the due date to the date of such deposit. The Issuer may also discharge all Bonds of said issue at any time by irrevocably depositing in escrow with the Bond Registrar, for the purpose of paying all principal and interest due on such Bonds to maturity or if subject to mandatory redemption, to an earlier date on which they may be called for mandatory redemption, a sum of cash or securities of the types described in Minnesota Statutes, Section 475.67, as amended, in such aggregate amount, bearing interest at such rates and maturing on such dates as shall be required to provide funds sufficient for this purpose.

7.03 Designation as Qualified Tax-Exempt Obligations.

(a) Pursuant to Section 265(b)(C)(ii)(III) of the Code, only the portion of these Bonds that exceeds the outstanding principal amount of the Refunded Bonds shall be taken into account in determining whether the obligations that will be issued by the Issuer during the calendar year in which the Bonds are issued will exceed \$10,000,000.

(b) The Board finds that the reasonably anticipated amount of qualified tax-exempt obligations (other than private activity bonds) which will be issued by the Issuer during calendar year 2018 will not exceed \$10,000,000. The Bonds of this issue 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 Bonds by financial institutions.

7.04 Authentication of Transcript. The officers of the Issuer and each said County Auditor are hereby authorized and requested to prepare and furnish to the Purchaser of said Bonds, and to the attorneys approving legality of the issuance thereof, certified copies of all proceedings and records of the Issuer relating to said Bonds and to the financial condition and affairs of the Issuer, and such other affidavits, certificates and information as may be required to show the facts relating to the legality and marketability of said Bonds 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 Issuer as to the facts recited therein.

7.05 Covenant to Continue Tax Exemption. The Issuer covenants and agrees with the Holders from time to time of the Bonds 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 Bonds to become subject to taxation under the United States Internal Revenue Code, the regulations promulgated thereunder, or any other applicable federal tax law or regulation, 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 ensure 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.

7.06 Arbitrage Certification. The Chair and School District Clerk, being the officers of the Issuer charged with the responsibility for issuing the Bonds pursuant to this resolution, are authorized and directed to execute and deliver to the Purchaser an arbitrage certification in order to satisfy the provisions of the Code and the regulations promulgated thereunder.

7.07 Official Statement. The Official Statement relating to the Bonds, on file with the Clerk and presented to this meeting, is hereby approved and deemed final, and the furnishing thereof to prospective bidders for the Bonds is hereby ratified and confirmed, insofar as the same relates to the Bonds and the sale thereof.

7.08 Information Reporting. For purposes of compliance with the provisions of Section 149(e) of the Code, the Issuer 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 Bonds are issued, a statement concerning the Bond issue which meets the requirements of Section 149(e)(2).

7.09 Payment of Issuance Expenses. The District authorizes the Purchaser to forward the amount of Bond proceeds allocable to the payment of issuance expenses to KleinBank, Chaska, Minnesota, on the closing date for further distribution as directed by the District's municipal advisor, Ehlers & Associates, Inc.

7.10 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 Bonds 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.

7.11 Nonbook-Entry Option. Notwithstanding any contrary provision of this resolution, if the option to allow the Bonds to be issued in a nonbook-entry format was included in the Terms of Proposal and if the Purchaser specified on the proposal form that the Bonds are not to be issued in global book-entry form, they shall then be issued in nonbook-entry format in registered form in the name of the Purchaser.

The motion for the 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 said resolution was declared duly passed and adopted.

EXHIBIT A

(FORM OF GLOBAL CERTIFICATE)

UNITED STATES OF AMERICA
STATE OF MINNESOTA
RICE, GOODHUE AND DAKOTA COUNTIES
INDEPENDENT SCHOOL DISTRICT NO. 659
(NORTHFIELD PUBLIC SCHOOLS)

R- \$ _____

GENERAL OBLIGATION SCHOOL BUILDING REFUNDING BOND, SERIES 2018A

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>CUSIP</u>
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NOVEMBER 15, 2018

REGISTERED OWNER: CEDE & CO., AS NOMINEE OF THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK

PRINCIPAL AMOUNT: _____ DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that Independent School District No. 659, State of Minnesota, a duly organized and existing independent school district, whose administrative offices are located in Northfield, Minnesota (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above or on the Certificate of Registration attached hereto, or registered assigns, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above or, if this Bond is subject to mandatory redemption as stated below, on a date prior thereto on which it shall have been duly called for mandatory redemption, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date") commencing August 1, 2019, at the rate per annum specified above, calculated on the basis of a 360-day year of twelve 30-day months, until the principal sum is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, or, if no interest has been paid or provided for, from the date of original issue hereof. The principal of and premium, if any, on this Bond are payable by wire transfer (or other agreed means of payment) on each payment date no later than 12:00 noon (New York, New York time) upon presentation and surrender hereof at the principal office of Bond Trust Services Corporation in Roseville, Minnesota (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer; provided, however, that upon a partial redemption of this Bond which results

in the stated amount hereof being reduced, the Holder may in its discretion be paid without presentation of this Bond, and may make a notation on the panel provided herein of such redemption, stating the amount so redeemed, or may return the Bond to the Bond Registrar in exchange for a new Bond in the proper principal amount. Such notation of redemption, if made by the Holder, shall be for reference only, and may not be relied upon by any other person as being in any way determinative of the principal amount of this Bond outstanding, unless the Bond Registrar has signed the appropriate column of the panel. Interest on this Bond will be paid on each Interest Payment Date (by 12:00 noon, New York, New York time) by wire transfer (or other agreed means of payment) in next day funds or its equivalent to the person in whose name this Bond is registered (the "Holder" or "Bondholder") on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid or duly provided for shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date fixed for the payment of such defaulted interest (the "Special Record Date"). The Special Record Date shall be fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest, and notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten (10) days prior thereto. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America.

Date of Payment Not Business Day. If the date for payment of the principal of, premium, if any, or interest on this Bond shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the City of New York, New York, or the city where the principal office of the Bond Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

Optional Redemption. The Bonds of this Issue are not subject to optional redemption or prepayment prior to maturity.

Mandatory Redemption. The Bonds maturing in the year ____ shall be subject to mandatory redemption, pursuant to the procedures specified herein and at a redemption price equal to the principal amount of the Bonds so redeemed plus interest accrued on the principal amount to be redeemed to the date fixed for mandatory redemption, on February 1 in the years and in the principal amounts set forth below:

<u>Year</u>	<u>Amount</u>
	\$

The Bonds maturing in the year ____ shall be subject to mandatory redemption, pursuant to the procedures specified herein and at a redemption price equal to the principal amount of the Bonds so redeemed plus interest accrued on the principal amount to be redeemed to the date fixed for mandatory redemption, on February 1 in the years and in the principal amounts set forth below :

<u>Year</u>	<u>Amount</u>
	\$

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the Issuer shall determine the order of redemption of Bonds; and if only part of the Bonds having a common maturity date are called for prepayment, the Global Certificates to be prepaid may be prepaid in \$5,000 increments of principal and, if applicable, the specific Replacement Bonds to be prepaid shall be chosen by lot by the Bond Registrar as provided below. Bonds or portions thereof called for redemption shall be due and payable on the designated redemption date, and interest thereon shall cease to accrue from and after the redemption date.

Notice of Mandatory Redemption. Published notice of mandatory redemption shall in each case be given in accordance with law, and mailed notice of mandatory redemption shall be given to the paying agent and to each affected Holder of the Bonds. For this purpose, the Depository shall be the "Holder" as to Bonds registered in the name of the Depository or its nominee. In the event any of the Bonds are called for mandatory redemption, written notice thereof will be given by first class mail, postage prepaid, mailed not less than thirty (30) days prior to the redemption date to each Holder of Bonds to be redeemed, at the address appearing in the records of the Bond Registrar. In connection with any such notice, the "CUSIP" numbers assigned to the Bonds shall be used.

Replacement or Notation of Bonds After Partial Redemption. Upon a partial redemption of this Bond which results in the stated amount hereof being reduced, the Holder may in its discretion make a notation on the panel provided herein of such redemption, stating the amount so redeemed. Such notation of redemption, if made by the Holder, shall be for reference only, and may not be relied upon by any other person as being in any way determinative of the principal amount of this Bond outstanding, unless the Bond Registrar has signed the appropriate column of the panel. Otherwise, the Holder may surrender this Bond to the Bond Registrar (with, if the Issuer or the Bond Registrar so requires, a written instrument of transfer in form satisfactory to the Issuer and the Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the Issuer shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of this Bond, without service charge, a new Bond of the same Issue having the same stated maturity and interest rate and of the authorized denomination in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Issuance; Purpose. This Bond is one of an issue in the total aggregate principal amount of \$ _____. The Bonds are all of like date of original issue and tenor, except as to number, denomination, maturity, redemption privilege and interest rate. All are issued to provide funds to currently refund and prepay the 2020 to 2022 maturities of the Issuer's General Obligation School Building Refunding Bonds, Series 2010A, bearing a date of original issue of February 16, 2010 (the "Refunded Bonds"). All are issued pursuant to resolutions duly adopted by the School Board and pursuant to and in full conformity with the Constitution and laws of the State of Minnesota thereunto enabling. The Refunded Bonds were originally issued to provide funds for the crossover refunding of the District's General Obligation School Building Bonds, Series 2001, bearing a date of original issue of July 1, 2001

General Obligation. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of the principal and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Minnesota School District Credit Enhancement Program. The Issuer has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55 and to use the provisions of that statute to guarantee the payment of the principal and interest on the Bonds when due.

Denominations; Exchange; Resolution. The Bonds are issuable originally only as Global Certificates in the denomination of the entire principal amount of the issue maturing on a single date. Global Certificates are not exchangeable for fully registered bonds of smaller denominations except in the event of a partial redemption as above provided or in exchange for Replacement Bonds if then available. Replacement Bonds, if made available as provided below, are issuable solely as fully registered Bonds in the denomination of \$5,000 and integral multiples thereof of a single maturity and are exchangeable for fully registered bonds of other denominations in equal aggregate principal amounts and in authorized denominations at the principal office of the Bond Registrar, but only in the manner and subject to the limitations provided in the Resolution. Reference is hereby made to the Resolution for a description of the rights and duties of the Bond Registrar. Copies of the Resolution are on file in the principal office of the Bond Registrar.

Replacement Bonds. Replacement Bonds may be issued by the Issuer in the event that (a) The Depository Trust Company ("DTC") of New York, New York (the "Depository") shall resign or discontinue its services for the Bonds or be declared no longer able to carry out its functions and the Issuer is unable to locate a Substitute Depository within two (2) months following the resignation or discontinuance or determination of noneligibility, or (b) the Issuer determines in its sole discretion that (1) the continuation of the book-entry system described in the Resolution might adversely affect the interests of the beneficial owners of the Bonds, or (2) it is in the best interest of the beneficial owners of the

Bonds that they be able to obtain certificated Bonds. The Issuer shall notify the Holders of its determination and of the availability of Replacement Bonds to Holders.

Transfer. This Bond shall be registered in the name of the payee on the books of the Issuer by presenting this Bond for registration to the Bond Registrar, whose representative will endorse his or her name and note the date of registration opposite the name of the payee in the certificate of registration attached hereto. Thereafter this Bond may be transferred by delivery with an assignment duly executed by the Holder or the Holder's legal representative, and the Issuer and Bond Registrar may treat the Holder as the person exclusively entitled to exercise all the rights and powers of an owner until this Bond is presented with such assignment for registration of transfer, accompanied by assurance of the nature provided by law that the assignment is genuine and effective, and until such transfer is registered on said books and noted hereon by the Bond Registrar, all subject to the terms and conditions provided in the Resolution and to reasonable regulations of the Issuer contained in any agreement with, or notice to, the Bond Registrar.

Fees Upon Transfer or Loss. The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of this Bond and any legal or unusual costs regarding transfers and lost Bonds.

Treatment of Registered Owner. The Issuer and Bond Registrar may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes whatsoever, whether or not this Bond shall be overdue, and neither the Issuer nor the Bond Registrar shall be affected by notice to the contrary.

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security unless the Certificate of Authentication hereon shall have been executed by the Bond Registrar by the manual signature of one of its authorized representatives.

Qualified Tax-Exempt Obligations. The Bonds of this issue have been designated by the Issuer as "qualified tax-exempt obligations" for purposes of Section 265(b) (3) of the Internal Revenue Code of 1986, as amended, relating to the deduction of interest expenses allocable to the Bonds by financial institutions.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that 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 and in the issuance of this Bond in order to make it a valid and binding general obligation of the Issuer enforceable in accordance with its terms, have been done, have happened and have been performed in regular and due form, time and manner as so required and that the issuance of this Bond on the date of original issue hereof and the date of its actual original issuance and delivery does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, Independent School District No. 659 (Northfield Public Schools), State of Minnesota, by its School Board, has caused this Bond to be executed in its behalf by the facsimile signatures of the Chair and Clerk, the Issuer having no seal or said seal having been intentionally omitted as permitted by law.

Date of Registration:

November 15, 2018

Registrable by:

BOND TRUST SERVICES CORPORATION
ROSEVILLE, MINNESOTA

BOND REGISTRAR'S
CERTIFICATE OF
AUTHENTICATION

Payable at:

BOND TRUST SERVICES CORPORATION
ROSEVILLE, MINNESOTA

This Bond is one of
the Bonds described
in the within mentioned
Resolution.

INDEPENDENT SCHOOL DISTRICT NO. 659
(NORTHFIELD PUBLIC SCHOOLS)
NORTHFIELD, MINNESOTA

BOND TRUST SERVICES
CORPORATION
Bond Registrar

/s/ (Facsimile)
Chair

By _____
Authorized Signature

/s/ (Facsimile)
Clerk

CERTIFICATE OF REGISTRATION

The transfer of ownership of the principal amount of the attached Bond may be made only by the registered owner or the registered owner's legal representative last noted below.

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of Bond Registrar</u>
<u>November 15, 2018</u>	Cede & Co. P.O. Box 222 Bowling Green Station <u>New York, NY 10274</u>	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

REGISTER OF PARTIAL PAYMENTS

The principal amount of the attached Bond has been mandatorily redeemed and prepaid on the dates and in the amounts noted below:

<u>Date</u>	<u>Amount</u>	<u>Signature of Bondholder</u>	<u>Signature of Bond Registrar</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

If a notation is made on this register, such notation has the effect stated in the attached Bond. Partial payments do not require the presentation of the attached Bond to the Bond Registrar, and a Holder could fail to note the partial payment here.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM	-	as tenants in common
TEN ENT	-	as tenants by the entireties
JT TEN	-	as joint tenants with right of survivorship and not as tenants in common
UTMA	-	_____ CUSTODIAN _____ (Cust) (Minor)

Under Uniform Transfers to Minors Act

(State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated _____

NOTICE: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

Signature(s) must be guaranteed by a national bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges or any other "Eligible Guarantor Institution" as defined in 17 CFR 240 Ad-15(a)(2).

The Bond Registrar will not effect transfer of this Bond unless the information concerning the assignee requested below is provided.

Name and Address:

(Include information for all joint owners if the Bond is held by joint account.)

Please insert Social Security or other Tax Identification Number of Transferee.

EXHIBIT B

(FORM OF REPLACEMENT BOND)

UNITED STATES OF AMERICA
STATE OF MINNESOTA
RICE, GOODHUE AND DAKOTA COUNTIES
INDEPENDENT SCHOOL DISTRICT NO. 659
(NORTHFIELD PUBLIC SCHOOLS)

R- \$ _____

GENERAL OBLIGATION SCHOOL BUILDING REFUNDING BOND, SERIES 2018A

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>CUSIP</u>
----------------------	----------------------	-------------------------------	--------------

NOVEMBER 15, 2018

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____ DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that Independent School District No. 659, State of Minnesota, a duly organized and existing independent school district, whose administrative offices are located in Northfield, Minnesota (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above or, if this Bond is subject to mandatory redemption as stated below, on a date prior thereto on which it shall have been duly called for mandatory redemption, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date") commencing August 1, 2019, at the rate per annum specified above, calculated on the basis of a 360-day year of twelve 30-day months, until the principal sum is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, or, if no interest has been paid or provided for, from the date of original issue hereof. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the principal office of Bond Trust Services Corporation in Roseville, Minnesota (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Bond will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered (the

"Holder" or "Bondholder") on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid or duly provided for shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date fixed for the payment of such defaulted interest (the "Special Record Date"). The Special Record Date shall be fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest, and notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten (10) days prior thereto. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF, WHICH PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH HERE.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security until the Certificate of Authentication hereon shall have been executed by the Bond Registrar.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that 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 and in the issuance of this Bond in order to make it a valid and binding general obligation of the Issuer enforceable in accordance with its terms, have been done, have happened and have been performed in regular and due form, time and manner as so required and that the issuance of this Bond on the date of original issue hereof and the date of its actual original issuance and delivery does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, Independent School District No. 659 (Northfield Public Schools), State of Minnesota, by its School Board, has caused this Bond to be executed in its behalf by the facsimile signatures of the Chair and the Clerk, the Issuer having no seal or said seal having been intentionally omitted as permitted by law.

Date of Registration:

BOND REGISTRAR'S
CERTIFICATE OF
AUTHENTICATION
This Bond is one of
the Bonds described
in the within mentioned
Resolution.

Registrable by:

BOND TRUST SERVICES CORPORATION
ROSEVILLE, MINNESOTA

Payable at:

BOND TRUST SERVICES CORPORATION
ROSEVILLE, MINNESOTA

INDEPENDENT SCHOOL DISTRICT NO. 659
(NORTHFIELD PUBLIC SCHOOLS)
NORTHFIELD, MINNESOTA

BOND TRUST SERVICES
CORPORATION
Bond Registrar

/s/ (Facsimile) _____

Chair

By _____
Authorized Signature

/s/ (Facsimile) _____

Clerk

ON REVERSE OF BOND

Date of Payment Not Business Day. If the date for payment of the principal of, premium, if any, or interest on this Bond shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the City of New York, New York, or the city where the principal office of the Bond Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

Optional Redemption. The Bonds of this Issue are not subject to optional redemption or prepayment prior to maturity.

Mandatory Redemption. The Bonds maturing in the year ____ shall be subject to mandatory redemption, pursuant to the procedures specified herein and at a redemption price equal to the principal amount of the Bonds so redeemed plus interest accrued on the principal amount to be redeemed to the date fixed for mandatory redemption, on February 1 in the years and in the principal amounts set forth below:

<u>Year</u>	<u>Amount</u>
	\$

The Bonds maturing in the year ____ shall be subject to mandatory redemption, pursuant to the procedures specified herein and at a redemption price equal to the principal amount of the Bonds so redeemed plus interest accrued on the principal amount to be redeemed to the date fixed for mandatory redemption, on February 1 in the years and in the principal amounts set forth below:

<u>Year</u>	<u>Amount</u>
	\$

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the Issuer shall determine the order of redemption of Bonds; and if only part of the Bonds having a common maturity date are called for prepayment, the Global Certificates to be prepaid may be prepaid in \$5,000 increments of principal and, if applicable, the specific Replacement Bonds to be prepaid shall be chosen by lot by the Bond Registrar as provided below. Bonds or portions thereof called for redemption shall be due and payable on the designated redemption date, and interest thereon shall cease to accrue from and after the redemption date.

Issuance; Purpose. This Bond is one of an issue in the total aggregate principal amount of \$ _____. The Bonds are all of like date of original issue and tenor, except as to number, denomination, maturity, redemption privilege and interest rate. All are issued to provide funds to currently refund and prepay the 2020 to 2022 maturities of the Issuer's General Obligation School Building Refunding Bonds, Series 2010A, bearing a date of original issue of February 16, 2010 (the "Refunded Bonds"). All are issued pursuant to resolutions duly adopted by the School Board and pursuant to and in full conformity with the Constitution and laws of the State of Minnesota thereunto enabling. The Refunded Bonds were originally issued to provide funds for the crossover refunding of the District's General Obligation School Building Bonds, Series 2001, bearing a date of original issue of July 1, 2001.

General Obligation. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of the principal and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Minnesota School District Credit Enhancement Program. The Issuer has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55 and to use the provisions of that statute to guarantee the payment of the principal and interest on the Bonds when due.

Denominations; Exchange; Resolution. The Bonds are issuable solely as fully registered Bonds in the denomination of \$5,000 and integral multiples thereof of a single maturity and are exchangeable for fully registered bonds of other denominations in equal aggregate principal amounts and in authorized denominations at the principal office of the Bond Registrar, but only in the manner and subject to the limitations provided in the Resolution. Reference is hereby made to the Resolution for a description of the rights and duties of the Bond Registrar. Copies of the Resolution are on file in the principal office of the Bond Registrar.

Transfer. This Bond is transferable by the Holder in person or by the Holder's attorney duly authorized in writing at the principal office of the Bond Registrar upon presentation and surrender hereof to the Bond Registrar, all subject to the terms and conditions provided in the Resolution and to reasonable regulations of the Issuer contained in any agreement with the Bond Registrar. Thereupon the Issuer shall execute (if necessary) and the Bond Registrar shall authenticate and deliver, in exchange for this Bond, one or more new fully registered bonds in the name of the transferee (but not registered in blank or to "bearer" or similar designation), of an authorized denomination, in aggregate principal amount equal to the principal amount of this Bond, of the same maturity, and bearing interest at the same rate.

Fees Upon Transfer or Loss. The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of this Bond and any legal or unusual costs regarding transfers and lost Bonds.

Treatment of Registered Owner. The Issuer and Bond Registrar may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes whatsoever, whether or not this Bond shall be overdue, and neither the Issuer nor the Bond Registrar shall be affected by notice to the contrary.

Qualified Tax-Exempt Obligations. The Bonds of this issue have been designated by the Issuer as "qualified tax-exempt obligations" for purposes of Section 265(b) (3) of the Internal Revenue Code of 1986, as amended, relating to the deduction of interest expenses allocable to the Bonds by financial institutions.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM	-	as tenants in common
TEN ENT	-	as tenants by the entirety
JT TEN	-	as joint tenants with right of survivorship and not as tenants in common
UTMA	-	_____ CUSTODIAN _____ (Cust) (Minor)

Under Uniform Transfers to Minors Act

(State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated _____

NOTICE: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

Signature(s) must be guaranteed by a national bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges or any other "Eligible Guarantor Institution" as defined in 17 CFR 240 Ad-15(a)(2).

The Bond Registrar will not effect transfer of this Bond unless the information concerning the assignee requested below is provided.

Name and Address:

(Include information for all joint owners if the Bond is held by joint account.)

Please insert Social Security or other Tax Identification Number of Transferee.

EXHIBIT C

The Depository Trust Company

BLANKET ISSUER LETTER OF REPRESENTATIONS

EXHIBIT D
LEVY COMPUTATION SHEET

<u>Levy Year</u>	<u>Collection Year</u>	<u>Amount</u>
2018	2019	\$
2019	2020	
2020	2021	

EXHIBIT E

NOTICE OF CALL FOR REDEMPTION

\$7,670,000

GENERAL OBLIGATION SCHOOL BUILDING REFUNDING BONDS, SERIES 2010A

DATED: FEBRUARY 16, 2010

INDEPENDENT SCHOOL DISTRICT NO. 659

(NORTHFIELD PUBLIC SCHOOLS)

RICE, GOODHUE AND DAKOTA COUNTIES, MINNESOTA

NOTICE IS HEREBY GIVEN that, by order of the School Board of Independent School District No. 659 (Northfield Public Schools), Rice, Goodhue and Dakota Counties, Minnesota, there have been called for redemption and prepayment on February 1, 2019 those outstanding bonds of the School District designated as General Obligation School Building Refunding Bonds, Series 2010A, dated February 16, 2010 as the date of original issue, totaling \$7,670,000 in principal amount, and having the following stated maturity dates and CUSIP numbers:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>CUSIP Number*</u>
February 1, 2020	\$3,420,000	666195 MX7
February 1, 2021	\$3,575,000	666195 MY5
February 1, 2022	\$675,000	666195 MZ2

Holders of the Bonds hereby called for redemption are requested to present their Bonds for payment to Bond Trust Services Corporation, on or before February 1, 2019 by submitting said bonds along with a completed W-9 form to the following addresses:

**BY MAIL, IN PERSON
COURIER SERVICE OR
OVERNIGHT MAIL:**

Bond Trust Services Corporation
3060 Centre Pointe Drive
Roseville, MN 55113

If the Holder requests payment of principal and/or interest via wire transfer, please be advised there is a wire transfer fee which will be deducted from the payment.

Dated: October 22, 2018

BY ORDER OF THE SCHOOL BOARD

/s/ _____
School District Clerk
Independent School District No. 659
(Northfield Public Schools)

Important Notice: In compliance with the Economic Growth and Tax Relief Reconciliation Act of 2001, federal backup withholding tax will be withheld at the applicable backup withholding rate in effect at the time of the payment by the redeeming institutions if they are not provided with your social security number or federal employer identification number, properly certified. This requirement is fulfilled by submitting a W-9 Form, which may be obtained at a bank or other financial institution.

*The paying agent shall not be responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness as indicated in the Notice of Call for Redemption. It is included solely for the convenience of the holders.

Additional information may be obtained from: EHLERS & ASSOCIATES, INC., 3060 Centre Pointe Drive, Roseville, MN 55113, (651) 697-8500.

October 18, 2018

Northfield Independent School District No. 659
1400 Division Street South
Northfield, MN 55057
Attention: Ms. Valori Mertesdorf, Director of Finance

Re: *US\$7,715,000 Independent School District No. 659, (Northfield Public Schools), Minnesota, (Rice, Dakota, and Goodhue Counties), (Minnesota School District Credit Enhancement Program), General Obligation School Building Refunding Bonds, Series 2018A, dated, November 15, 2018, due: February 01, 2022*

Dear Ms. Mertesdorf:

Pursuant to your request for an S&P Global Ratings underlying rating (Underlying Rating for Credit Program) on the above-referenced obligations, S&P Global Ratings has assigned a rating of "AA+" S&P Global Ratings views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

This letter constitutes S&P Global Ratings' permission for you to disseminate the above-assigned ratings to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements) will become effective only after we have released the rating on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable.

To maintain the rating, S&P Global Ratings must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. Relevant financial and other information includes, but is not limited to, information about direct bank loans and debt and debt-like instruments issued to, or entered into with, financial institutions, insurance companies and/or other entities, whether or not disclosure of such information would be required under S.E.C. Rule 15c2-12. You understand that S&P Global Ratings relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to: pubfin_statelocalgovt@spglobal.com. If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website,

Please send hard copies to:
S&P Global Ratings
Public Finance Department
55 Water Street
New York, NY 10041-0003

The rating is subject to the Terms and Conditions, if any, attached to the Engagement Letter

applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

S&P Global Ratings is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing S&P Global Ratings.

Sincerely yours,

S&P Global Ratings
a division of Standard & Poor's Financial Services LLC

kl
enclosures

cc: *Mr. Joel Sutter, Vice President*
Ehlers & Associates

S&P Global Ratings
Terms and Conditions Applicable To Public Finance Credit Ratings

General. The credit ratings and other views of S&P Global Ratings are statements of opinion and not statements of fact. Credit ratings and other views of S&P Global Ratings are not recommendations to purchase, hold, or sell any securities and do not comment on market price, marketability, investor preference or suitability of any security. While S&P Global Ratings bases its credit ratings and other views on information provided by issuers and their agents and advisors, and other information from sources it believes to be reliable, S&P Global Ratings does not perform an audit, and undertakes no duty of due diligence or independent verification, of any information it receives. Such information and S&P Global Ratings' opinions should not be relied upon in making any investment decision. S&P Global Ratings does not act as a "fiduciary" or an investment advisor. S&P Global Ratings neither recommends nor will recommend how an issuer can or should achieve a particular credit rating outcome nor provides or will provide consulting, advisory, financial or structuring advice. Unless otherwise indicated, the term "issuer" means both the issuer and the obligor if the obligor is not the issuer.

All Credit Rating Actions in S&P Global Ratings' Sole Discretion. S&P Global Ratings may assign, raise, lower, suspend, place on CreditWatch, or withdraw a credit rating, and assign or revise an Outlook, at any time, in S&P Global Ratings' sole discretion. S&P Global Ratings may take any of the foregoing actions notwithstanding any request for a confidential or private credit rating or a withdrawal of a credit rating, or termination of a credit rating engagement. S&P Global Ratings will not convert a public credit rating to a confidential or private credit rating, or a private credit rating to a confidential credit rating.

Publication. S&P Global Ratings reserves the right to use, publish, disseminate, or license others to use, publish or disseminate a credit rating and any related analytical reports, including the rationale for the credit rating, unless the issuer specifically requests in connection with the initial credit rating that the credit rating be assigned and maintained on a confidential or private basis. If, however, a confidential or private credit rating or the existence of a confidential or private credit rating subsequently becomes public through disclosure other than by an act of S&P Global Ratings or its affiliates, S&P Global Ratings reserves the right to treat the credit rating as a public credit rating, including, without limitation, publishing the credit rating and any related analytical reports. Any analytical reports published by S&P Global Ratings are not issued by or on behalf of the issuer or at the issuer's request. S&P Global Ratings reserves the right to use, publish, disseminate or license others to use, publish or disseminate analytical reports with respect to public credit ratings that have been withdrawn, regardless of the reason for such withdrawal. S&P Global Ratings may publish explanations of S&P Global Ratings' credit ratings criteria from time to time and S&P Global Ratings may modify or refine its credit ratings criteria at any time as S&P Global Ratings deems appropriate.

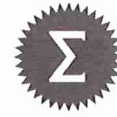
Reliance on Information. S&P Global Ratings relies on issuers and their agents and advisors for the accuracy and completeness of the information submitted in connection with credit ratings and the surveillance of credit ratings including, without limitation, information on material changes to information previously provided by issuers, their agents or advisors. Credit ratings, and the maintenance of credit ratings, may be affected by S&P Global Ratings' opinion of the information received from issuers, their agents or advisors.

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S&P Global Ratings Not an Expert, Underwriter or Seller under Securities Laws. S&P Global Ratings has not consented to and will not consent to being named an "expert" or any similar designation under any applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation, Section 7 of the U.S. Securities Act of 1933. S&P Global Ratings has not performed and will not perform the role or tasks associated with an "underwriter" or "seller" under the United States federal securities laws or other regulatory guidance, rules or recommendations in connection with a credit rating engagement.

Disclaimer of Liability. S&P Global Ratings does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a credit rating or the results obtained from the use of such information. S&P GLOBAL RATINGS GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. S&P Global Ratings, its affiliates or third party providers, or any of their officers, directors, shareholders, employees or agents shall not be liable to any person for any inaccuracies, errors, or omissions, in each case regardless of cause, actions, damages (consequential, special, indirect, incidental, punitive, compensatory, exemplary or otherwise), claims, liabilities, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in any way arising out of or relating to a credit rating or the related analytic services even if advised of the possibility of such damages or other amounts.

No Third Party Beneficiaries. Nothing in any credit rating engagement, or a credit rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of a credit rating. No person is intended as a third party beneficiary of any credit rating engagement or of a credit rating when issued.



EHLERS
LEADERS IN PUBLIC FINANCE

October 22, 2018

Sale Day Report for

Independent School District No. 659
(Northfield Public Schools), Minnesota
\$7,325,000 General Obligation School Building
Refunding Bonds, Series 2018A



Prepared by:

Joel Sutter, CIPMA
Senior Municipal Advisor

Jeff Seeley, CIPMA
Senior Municipal Advisor

and

Barbie Doyle,
Financial Specialist



Sale Day Report – October 22, 2018

Independent School District No. 659
 (Northfield Public Schools), Minnesota
 \$7,325,000 General Obligation School Building Refunding Bonds,
 Series 2018A

Purpose: To finance the current refunding of the 2020 through 2022 maturities of the District’s \$22,615,000 General Obligation School Building Refunding Bonds, Series 2010A.

Rating: **MN Credit Enhancement Rating:** S&P Global Ratings "AAA"
Underlying Rating: S&P Global Ratings "AA+"

Number of Bids: 8

Low Bidder: Fifth Third Securities, Inc., Cincinnati, Ohio

Comparison from Lowest to Highest Bid: (TIC as bid)	Low Bid	High Bid	Interest Difference
	2.2329%	2.3574%	\$13,487

Summary of Results:	Results of Sale
Principal Amount *:	\$7,325,000
Underwriter’s Discount:	\$16,957
Reoffering Premium:	\$381,748.15
True Interest Cost *:	2.2330%
Costs of Issuance:	\$52,892
Yield:	2.04% - 2.22%
Future Value Savings:	\$169,509
Present Value Savings:	\$158,512
Savings Percentage:	2.015%
Total Net P&I	\$8,004,291

* The winning bidder submitted a bid with a premium price (a price greater than the par amount of the bonds) while the estimate in the Pre-Sale Report was based on a par bid. The premium will be used to partially finance the prepayment of the 2010A Bonds. As a result, the principal amount of the bonds was decreased from \$7,715,000 (in the Pre-Sale Report and the Preliminary Official Statement) to \$7,325,000, which also caused a slight change to the True Interest Cost.



Notes: The actual true interest cost of 2.23% is slightly higher than the estimate of 2.15% in the Pre-Sale Report provided to the School Board on September 24. The total savings of \$169,509 is approximately \$8,400 less than that projected in the Pre-Sale Report. The average annual reduction in debt service levies will be approximately \$59,300 per year for taxes payable in 2019 through 2021.

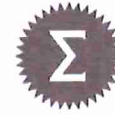
Closing Date: November 15, 2018

School Board Action: Adopt a resolution awarding the sale of \$7,325,000 General Obligation School Building Refunding Bonds, Series 2018A.

Attachments:

- Bid Tabulation
- Sources and Uses of Funds
- Debt Service Schedules
- Refunding Savings Analysis
- Refunding Cashflow
- Rating Report
- Bond Resolution (Distributed Separately)





BID TABULATION

\$7,715,000* General Obligation School Building Refunding Bonds, Series 2018A

Independent School District No. 659 (Northfield Public Schools), Minnesota

SALE: October 22, 2018

AWARD: FIFTH THIRD SECURITIES, INC.

MN Credit Enhancement Rating: S&P Global Ratings "AAA"

Underlying Rating: S&P Global Ratings "AA+"

BBB: 4.37%
Bank Qualified

NAME OF BIDDER	MATURITY (February 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
FIFTH THIRD SECURITIES, INC. Cincinnati, Ohio	2020	5.000%	2.040%	\$8,096,437.80	\$328,748.31	2.2329%
	2021	5.000%	2.120%			
	2022	5.000%	2.220%			
BAIRD Milwaukee, Wisconsin	2020	5.000%		\$8,093,758.75	\$331,427.36	2.2516%
	2021	5.000%				
	2022	5.000%				
NORTHLAND SECURITIES, INC. Minneapolis, Minnesota	2020	5.000%		\$8,090,920.55	\$334,265.56	2.2714%
	2021	5.000%				
	2022	5.000%				
PIPER JAFFRAY Minneapolis, Minnesota	2020	5.000%		\$8,051,954.25	\$332,771.86	2.2727%
	2021	5.000%				
	2022	3.000%				
WELLS FARGO BANK, NATIONAL ASSOCIATION Charlotte, North Carolina	2020	4.000%		\$7,931,387.55	\$331,531.34	2.2875%
	2021	4.000%				
	2022	3.000%				
HILLTOP SECURITIES Dallas, Texas	2020	5.000%		\$8,087,352.74	\$337,833.37	2.2964%
	2021	5.000%				
	2022	5.000%				

* Subsequent to bid opening the issue size was decreased to \$7,325,000.

Adjusted Price - \$7,689,790.99

Adjusted Net Interest Cost - \$314,528.45

Adjusted TIC - 2.2330%



NAME OF BIDDER	MATURITY (February 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
FTN FINANCIAL CAPITAL MARKETS				\$7,946,668.54	\$336,480.35	2.3166%
Memphis, Tennessee	2020	4.000%				
	2021	4.000%				
	2022	4.000%				
SUNTRUST ROBINSON HUMPHREY				\$7,940,913.45	\$342,235.44	2.3574%
Nashville, Tennessee	2020	4.000%				
	2021	4.000%				
	2022	4.000%				



Northfield School District, MN (I.S.D #659)

\$7,325,000 G.O. School Building Refunding Bonds, Series 2018A

Dated: November 15, 2018 - Current Refunding of

\$22,615,000 G.O. School Building Refunding Bonds, Series 2010A

Sources & Uses

Dated 11/15/2018 | Delivered 11/15/2018

Sources Of Funds

Par Amount	\$7,325,000.00
Original Issue Premium	381,748.15
Total Sources	\$7,706,748.15

Uses Of Funds

Total Underwriter's Discount (0.231%)	16,957.16
Costs of Issuance	52,892.00
Deposit to Current Refunding Fund	7,636,870.64
Rounding Amount	28.35
Total Uses	\$7,706,748.15



Northfield School District, MN (I.S.D #659)

\$22,615,000 G.O. School Building Refunding Bonds, Series 2010A

Prior Original Debt Service

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
02/01/2019	-	-	-	-	-
08/01/2019	-	-	153,400.00	153,400.00	-
02/01/2020	3,420,000.00	4.000%	153,400.00	3,573,400.00	3,726,800.00
08/01/2020	-	-	85,000.00	85,000.00	-
02/01/2021	3,575,000.00	4.000%	85,000.00	3,660,000.00	3,745,000.00
08/01/2021	-	-	13,500.00	13,500.00	-
02/01/2022	675,000.00	4.000%	13,500.00	688,500.00	702,000.00
Total	\$7,670,000.00	-	\$503,800.00	\$8,173,800.00	-

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	11/15/2018
Average Life	1.853 Years
Average Coupon	4.0000000%
Weighted Average Maturity (Par Basis)	1.853 Years
Weighted Average Maturity (Original Price Basis)	1.853 Years

Refunding Bond Information

Refunding Dated Date	11/15/2018
Refunding Delivery Date	11/15/2018

Northfield School District, MN (I.S.D #659)

\$7,325,000 G.O. School Building Refunding Bonds, Series 2018A

Dated: November 15, 2018 - Current Refunding of

\$22,615,000 G.O. School Building Refunding Bonds, Series 2010A

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
11/15/2018	-	-	-	-	-
08/01/2019	-	-	260,444.44	260,444.44	-
02/01/2020	3,225,000.00	5.000%	183,125.00	3,408,125.00	3,668,569.44
08/01/2020	-	-	102,500.00	102,500.00	-
02/01/2021	3,485,000.00	5.000%	102,500.00	3,587,500.00	3,690,000.00
08/01/2021	-	-	15,375.00	15,375.00	-
02/01/2022	615,000.00	5.000%	15,375.00	630,375.00	645,750.00
Total	\$7,325,000.00	-	\$679,319.44	\$8,004,319.44	-

Yield Statistics

Bond Year Dollars	\$13,586.39
Average Life	1.855 Years
Average Coupon	5.0000000%
Net Interest Cost (NIC)	2.3150261%
True Interest Cost (TIC)	2.2330899%
Bond Yield for Arbitrage Purposes	2.1094413%
All Inclusive Cost (AIC)	2.6212463%

IRS Form 8038

Net Interest Cost	2.0708337%
Weighted Average Maturity	1.865 Years

Northfield School District, MN (I.S.D #659)

\$7,325,000 G.O. School Building Refunding Bonds, Series 2018A

Dated: November 15, 2018 - Current Refunding of

\$22,615,000 G.O. School Building Refunding Bonds, Series 2010A

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
02/01/2019	-	(28.35)	-	28.35
02/01/2020	3,668,569.44	3,668,569.44	3,726,800.00	58,230.56
02/01/2021	3,690,000.00	3,690,000.00	3,745,000.00	55,000.00
02/01/2022	645,750.00	645,750.00	702,000.00	56,250.00
Total	\$8,004,319.44	\$8,004,291.09	\$8,173,800.00	\$169,508.91

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings.....	158,483.99
Net PV Cashflow Savings @ 2.621%(AIC).....	158,483.99
Contingency or Rounding Amount.....	28.35
Net Present Value Benefit	\$158,512.34
Net PV Benefit / \$7,867,313.17 PV Refunded Debt Service	2.015%
Net PV Benefit / \$7,670,000 Refunded Principal...	2.067%
Net PV Benefit / \$7,325,000 Refunding Principal..	2.164%

Refunding Bond Information

Refunding Dated Date	11/15/2018
Refunding Delivery Date	11/15/2018

Northfield School District, MN (I.S.D #659)

\$7,325,000 G.O. School Building Refunding Bonds, Series 2018A

Dated: November 15, 2018 - Current Refunding of

\$22,615,000 G.O. School Building Refunding Bonds, Series 2010A

Current Refunding Escrow

Date	Principal	Rate	Interest	Receipts	Disbursements	Cash Balance
11/15/2018	-	-	-	0.64	-	0.64
02/01/2019	7,636,870.00	2.030%	33,129.36	7,669,999.36	7,670,000.00	-
Total	\$7,636,870.00	-	\$33,129.36	\$7,670,000.00	\$7,670,000.00	-

Investment Parameters

Investment Model [PV, GIC, or Securities]	Securities
Default investment yield target	Unrestricted

Cash Deposit	0.64
Cost of Investments Purchased with Bond Proceeds	7,636,870.00
Total Cost of Investments	\$7,636,870.64

Target Cost of Investments at bond yield	\$7,636,097.48
Actual positive or (negative) arbitrage	(773.16)

Yield to Receipt	2.0609829%
Yield for Arbitrage Purposes	2.1094413%

State and Local Government Series (SLGS) rates for	8/28/2018
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RatingsDirect®

Summary:

Northfield Independent School District No. 659, Minnesota; School State Program

Primary Credit Analyst:

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Northfield Independent School District No. 659, Minnesota; School State Program

Credit Profile

US\$7.715 mil GO sch bldg rfdg bnds ser 2018A dtd 11/15/2018 due 02/01/2022		
<i>Long Term Rating</i>	AAA/Stable	New
<i>Underlying Rating for Credit Program</i>	AA+/Stable	New
Northfield Indpt Sch Dist #659 GO alternative facs rfdg bnds		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
<i>Underlying Rating for Credit Program</i>	AA+/Stable	Affirmed
Northfield Indpt Sch Dist #659 GO State Credit Enhancement		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
<i>Underlying Rating for Credit Program</i>	AA+/Stable	Affirmed

Rationale

S&P Global Ratings assigned its 'AAA' enhanced long-term rating and 'AA+' underlying rating to Northfield Independent School District (ISD) No. 659, Minn.'s series 2018A general obligation (GO) school building refunding bonds. At the same time, we affirmed our 'AA+' underlying rating on the district's existing GO debt. The outlook is stable.

The proceeds of the series 2018A bonds will be used to current refund the district's series 2010A bonds for interest cost savings. The series 2018A bonds are GOs of the district, secured its full-faith-and-credit pledge.

The 'AAA' long term rating reflects the additional security provided by the district's eligibility for and participation in Minnesota's School District Credit Enhancement Program, a state standing appropriation program to prevent a default on the district's bond issues as authorized by Minnesota State Statutes, Section 126C.55. Under the program, the state will pay debt service on behalf of the district from the state's general fund if the district fails to meet its debt service obligations for the qualified debt. Payments from the state represent a standing appropriation from the state's general fund. We view this standing appropriation pledge as equivalent to a general fund pledge because the standing appropriation does not require adoption of a budget or any action of the legislature to make payment. Furthermore, the standing appropriation is not subject to executive unallotment authority. Additionally, the credit enhancement program supports projects that are central to the state of Minnesota's operations and purpose. In our opinion, there is no unusual political, timing, or administrative risk related to the debt payment. The rating on obligations that have received enhancement under the program is on par and moves in tandem with the rating on the state.

The 'AA+' underlying rating reflects our assessment of the district's creditworthiness, specifically its:

- Relatively close proximity to the Twin Cities metropolitan statistical area (MSA);

- Very strong budgetary flexibility, with historically high reserve levels;
- Financial management practices and policies that we consider good; and
- Low-to-moderate overall net debt with rapid amortization.

Offsetting the above strengths is the district's heavy reliance on state-source revenues, which could present a challenge if enrollment declines. Additionally, while pension and other postemployment benefit (OPEB) carrying charges are currently affordable, they could rise given recently passed pension legislation, which could potentially pressure the budget.

Historically, the district has maintained a very stable financial profile, with reserves consistently above 30% for the last five audited years. Steadily increasing enrollment has also had a positive effect on the district's finances, displayed in year-over-year revenue increases, that the district expects will continue. Assisted by good management and conservative budgeting practices, the district has strategically developed its budget to account for upcoming projects and expenditures. While the economy is somewhat modest, increased residential and commercial development within the past few years has helped maintain upward valuation trends, bringing in both local and national businesses into the district.

Economy

Located 40 miles south of Minneapolis, Northfield ISD No. 659 serves an estimated population of 28,723 in southeastern Minnesota. The community is home to two small liberal arts colleges that help to provide a robust range of food and entertainment options, as well as a downtown area that provides a setting for local small businesses. Median household effective buying income (EBI) is strong, in our opinion, at 123% of the national level, but per capita EBI is good at 98%.

Overall, the district has been experiencing a modest growth environment, with expansion in certain residential and commercial areas. A recent Rice County housing study established projections of 5,600 new homes to be built throughout the county in the next 20 years. This development is currently being shown through the construction of both single- and multi-family housing, as well as a new retirement center, indicate that the projected growth is realistic. Business development throughout the district has also been strong in recent years, with the opening of a new Aldi grocery store, a new KwikTrip convenience store, and the redevelopment of a Kmart into a movie theater.

Due to a recent purchase of Malt-O-Meal by Post Consumer Products, a local cereal plant is adding on to its facility, bringing more people and jobs into the district. All of this growth is displayed through what is, in our opinion, an extremely strong economic market value, at \$109,352 per capita, totaling \$3.1 billion. Assessed value (AV) also grew, by a total of 12.5%, from 2016 to 2018, where it totaled \$27.9 million. This number is expected to continue to grow, partially based on the expansion of Post, which has not yet been reflected in the district's AV. The tax base is very diverse, in our view, with the 10 largest taxpayers accounting for approximately 8.1% of AV.

Finances

The state's basic general education revenue funding, which is determined by pupil count, is the primary source of operating revenue for Minnesota school districts. As a result, increases or decreases in enrollment can lead to corresponding movements in revenue, which, for the district, makes up 68% of state aid. Enrollment totaled 3,993 in

2018, and projections for 2019 have that number increasing to 4,050. With total student counts growing each year from 2015 to 2019, enrollment increased by a total of 7.2%. Management attributes this to the expanding real estate market, where there has been ongoing housing development and high turnover and it believes this is trend will continue in the near term.

While the district sustains an overall net loss of students due to open enrollment, a majority of these students are attending two charter schools in the district, of which Northfield ISD No. 659 is a sponsor. Both of the charter schools maintain a good relationship with the district, continuously working together. Many students that attend the charter school at the elementary level and then enroll in the public school system for middle school. The district does not expect there to be any new charter schools in the area, and the relationship should be managed well within the budget.

Northfield ISD No. 659 is one of four districts participating in a new special education cooperative program in Minnesota. The district opted to be the "fiscal host" of the cooperative, placing it at the forefront of the program's launch, and its finances. Because this endeavor began in fiscal 2017, we saw a spike in both revenues and expenditures, with a total of \$5 million flowing through the district's finances. Even with these increases, the district was able to report an operating surplus of \$489,000, or 0.9% of expenditures. At fiscal year-end (June 30) 2017, the available fund balance was \$16.9 million, or 31% of general fund expenditures, which we view as very strong.

For fiscal 2018, the district's unaudited results show a deficit of \$1.14 million, or 2.2% of general fund expenditures, which management describes as a planned spend-down to bridge a one-year gap until a new operating referendum could go into effect.

In November 2017, voters approved an operating referendum intended by the district to offset the state's lack of annual inflationary increases in per-pupil revenue. Because the new revenue would not be collected until fiscal 2019, the district opted to spend down reserves in fiscal 2018 to cover operational expenses to avoid budget cuts. If the referendum had failed, officials had a plan to reduce expenditures in fiscal 2019. Given the voter-approved additional revenue and continued enrollment growth, the district's fiscal 2019 budget reflects an \$840,000 surplus, which we view as an achievable result.

Management

We consider the district's management practices good under our Financial Management Assessment methodology, indicating financial practices exist in most areas, but that governance officials might not formalize or monitor all of them on a regular basis.

Using both internal and external sources in addition to three years of historical trends, the district applies a line-by-line budgeting approach for both revenues and expenditures when preparing its budget each year. It also has a formalized long-term financial plan that goes out five years and is updated on an annual basis. Management provides the board with monthly financial reports, complete with cash balance and investments. It plans to begin providing budget-to-actual results beginning this year. However, based on historical results, the district has shown it is able to monitor and maintain a budgetary balance. Based on a requirement from the state, it maintains a 10-year long-term facilities maintenance plan tied to a state funding source and that is updated annually. It has a formal investment policy, and it reports monthly to the board on investment activity and holdings. The district also has a formal fund balance policy, with a target to maintain 16% of reserves for cash-flow needs. It does not maintain a formal debt

management policy, but adheres to statutory limitations.

Debt

Overall net debt is 1.6% of market value and \$1,711 per capita, which we believe to be low. With 100% of the district's direct debt scheduled to be retired within 10 years, amortization is rapid. Debt service carrying charges were 8.7% of total governmental fund expenditures (excluding capital outlay) in fiscal 2017, which we consider moderate.

The district could potentially issue additional debt over the next two years for multiple elementary school projects, totaling roughly \$41.0 million, if voters approve an upcoming bond election. Currently, the district has \$29.1 million in outstanding debt, meaning that if voters approve this upcoming issuance, the amount of outstanding debt would more than double. However, in our view, the debt burden would only be moderate, even if the district issues this potential additional debt. We would expect the amortization rate to weaken, but do not expect it to change our overall view of credit quality. In December 2009, the district issued a privately placed bank loan for \$1.495 million that financed capital improvements for an elementary school. The loan matures in 2024 and, in our view, does not pose a contingent liability risk to the district's credit quality.

Pension and other postemployment benefit liabilities

The district paid its full required contribution of \$2.4 million toward its pension obligations in fiscal 2017, or 3.7% of total governmental expenditures. It also paid \$845,000, or 1.3% of total governmental expenditures, toward its other postemployment benefit (OPEB) obligations in fiscal 2017. Combined pension and OPEB carrying charges totaled 5.0% of total governmental fund expenditures in 2017.

The district participates in the Minnesota Teachers' Retirement Assn. (TRA) and the General Employees Retirement Fund (GERF) that is administered by the Public Employees' Retirement Association (PERA). Both are statewide cost-sharing, defined-benefit pension plans. Required pension contributions to these plans are determined by state statute as a percentage of payroll. Statutory contributions rates have generally not kept pace with actuarially determined contribution rates, indicating potential for future payment acceleration. TRA and GERF were 51.6% and 75.9% funded, respectively, in fiscal 2017. The district's proportionate share of the net pension liability for these plans totaled \$105.3 million.

The state recently passed pension legislation that will marginally increase contributions for TRA, reduce the investment rate of return to 7.5% (from 8%), and reduce some employee benefits (primarily cost-of-living adjustments). The increased employer contributions were coupled with additional state aid such that it would have a neutral budgetary effect on the district. While we view these as positive changes for future plan funding levels, the lack of an actuarial funding policy remains a weakness in these plans. (For more information about the reforms included in the 2018 omnibus retirement bill and the potential for future cost increases, see our bulletin, "Minnesota's New Pension Bill Is A Positive Step Toward Sustainable Funding," published on June 7, 2018, on RatingsDirect.)

Outlook

The stable outlook on the long-term credit enhancement program rating reflects that on the state of Minnesota and moves in tandem with the state GO rating and outlook.

The stable outlook on the underlying rating reflects our expectation that the district's enrollment and local economy will remain stable, which will help maintain its stability in funding. We also expect management to continue to budget conservatively to maintain mostly balanced operations, and that the district will maintain at least strong reserves over the next two years. Additionally, if voters approve the upcoming referendum and the district issues additional debt, we don't expect the increased debt burden to worsen overall credit quality. Therefore, we do not expect to change the rating within our two-year outlook horizon.

Upside scenario

We could raise the rating if the district's economic indicators improved to levels commensurate with higher rated peers, coupled with maintenance of a very strong available reserves, assuming no deterioration in other credit factors.

Downside scenario

We could lower the rating if the district's finances deteriorate materially, decreasing its reserves to a level no longer comparable with those of similarly rated peers. We could also do so if the debt or pension burdens increase substantially, pressuring the district's finances.

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