

Business Committee - Regular School Board Meeting

Duluth Public Schools, ISD 709

Agenda

Tuesday, December 17, 2019

UnitedHealth Group Building

4316 Rice Lake Road

Suite 108

Duluth, MN 55811

6:30 PM

1. Guest Presentations for this Meeting - None

2. Financial Report

A. Financial Report

- 1) The final audit of the financial report for fiscal year ending June 30, 2019 will be presented by a representative of Wipfli at the December 10, 2019 Business Committee meeting 4
- 2) Preliminary financial statements (unaudited) for the month ended October 2019 are attached 117

B. Approval of Payment of Claims - Attached as an "extra"

C. Budget Revisions 126

D. Wire Transfers 128

E. Investment Transactions 129

F. APU Projections 130

G. Fundraisers 132

H. Finance Education

- 1) Truth in Taxation Summary 133

3. Bids, R.F.P.s and Quotes Reports

A. Bids - None

B. RFPs - None

C. Quotes - None

4. Policies and Regulations

A. New Policy 511 Fundraising - second reading 136

Attached is MSBA model policy 511 - Fundraising for the second reading. This policy would replace current policy 1050 - Fund-Raising by Students.

Recommendation: It is recommended that the Duluth School Board approve Policy 511 - second reading.

B. Delete Policy 1050 - Fund-Raising by Student - second reading 138

In moving to MSBA Model Policies, administration is recommending the deletion of Policy 1050, which will be replaced by MSBA Policy 511.

Recommendation: It is recommended that the Duluth School Board approve the deletion of Policy 1050 - second reading.

C. Revise Bylaw 203.2 Order of the Regular School Board Meeting Bylaw - second reading. 139
Attached is a revision of Policy 203.2 for the second reading.

Recommendation: It is recommended that the Duluth School Board approve the revision of Bylaw 203.2 - second reading.

5. **Contracts, Change Orders, and Leases**

A. Contracts

1) Essentia Health Sports Medicine Services 141
Attached is a five year athletic agreement for Essentia Health to provide sports medicine services to the students of Duluth Public Schools.

Recommendation: It is recommended that the Duluth School Board approve this agreement.

2) Essentia Health Sponsorship Agreement 149
Attached is a five year athletic sponsorship agreement with Essentia Health for \$325,000.00.

Recommendation: It is recommended that the Duluth School Board approve this athletic sponsorship agreement.

3) **PLACEHOLDER - Other Contracts**

B. Change Orders

1) CO #1 - Northland Consulting Engineers LLP - Proposal for Design Services - PSS Track Replacement 155
This change order will amend the agreement with Northland Consulting Engineers LLP which was entered into the District at the October 2018 School Board Meeting to reconstruct the track at PSS. This amendment will add up to an estimated 52 hours of construction engineering services for an estimated not to exceed fee of \$6,760.00. This will result in a new contract sum of \$82,395.00.

Recommendation: It is recommended that the Duluth School Board approve this change order.

2) CO#1 (Deduct) - Kraus-Anderson Construction Company Sourcewell Project Procurement/Gordian ezIQC for Lincoln Park Middle School New Bathroom Construction Project 159
This deduct change order is related to an owner provided door, eliminated glazing, and a credit for a slight visual defect in floor tile. The deduct for CO #1 is (\$3,531.17). The original contract sum for this work as defined in the attached Sourcewell Gordian ezIQC agreement is \$225,578.45. This CO #1 deduct will result in a new contract amount of \$222,047.28.

Recommendation: It is recommended that the Duluth School Board approve this change order.

3) CO #1 - City of Duluth Bid #19-6601 – ISD 709 Access Control Improvements District Wide – Federal Cops Grant 166

This change order consists of changes to the number of iPhones at sites: East, LPMS, and OEMS. The iPhone category base bid amount was \$95,319.00. CO #1 is \$5,974.00, for a new iPhone category bid amount of \$101,293.00. The original contract sum for all work defined in bid #19-6601 is \$248,143.00. The new contract sum to include CO #1 results in a new contract amount of \$254,117.00.

Recommendation: It is recommended that the Duluth School Board approve this change order.

C. Leases

1) **PLACEHOLDER - Other Leases**

6. **Resolutions**

A. B-12-19-3694 - Acceptance of Donations 168

Recommendation: It is recommended that the Duluth School Board approve Resolution 12-19-3694.

B. B-12-19-3695 - Certified Tax Levy 170

Recommendation: It is recommended that the Duluth School Board approve Resolution 12-19-3695.

C. **PLACEHOLDER - Other Resolutions**

7. **Informational - These items are provided for informational purposes only; no action is required.**

A. Expenditure Contracts 171

The Superintendent or CFO/Executive Director of Business Services has signed these contracts during the month of November 2019.

B. Extension or Renewal Contracts - None

C. No Cost Contracts 211

The Superintendent or CFO/Executive Director of Business Services has signed these contracts during the month of November 2019

D. Revenue Contracts 246

The Superintendent or CFO/Executive Director of Business Services has signed these contracts during the month of November 2019

E. Property Sale Updates 268

F. Facilities Management & Capital Project Status Report 270

G. Change Orders Signed - None

H. Legislative Platform 271

8. **Future Items**

A. Organizational Meeting (January)

B. School Board Committee Structure (January)

C. Policy Updates

December 6, 2019

TO: School Board, Superintendent, and Director of Business Services

FROM: Peggy Blalock, Finance Manager

Enclosed is a draft copy of the audit report for Fiscal Year ended June 30, 2019. The audit firm, Wipfli, has approved the release of the draft and they approved us to submit audited data to Minnesota Department of Education. We submitted the audited data before the November 30 deadline. The draft copy still needs some page re-numbering in the Table of Contents from Statement A-1 on down, but we wanted to send this to you so you will have some time to review.

A representative from Wipfli will make a presentation at the December 10, 2019 Business Committee meeting.

DRAFT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2019

DULUTH
INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

215 North First Avenue East
Duluth, MN 55802

Prepared by the
Finance Department

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

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**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

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INTRODUCTORY SECTION

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

ORGANIZATION
JUNE 30, 2019

School Board Directors

Term Expires

Rosie Loeffler-Kemp	Chairperson	01/03/2022
Jill Lofald	Vice Chairperson	01/03/2022
Josh Gorham	Clerk of the Board	01/03/2022
Sally Trnka	Treasurer	01/03/2022
David Kirby		01/08/2020
Alanna Oswald		01/06/2020
Nora Sandstad		01/06/2020

Ex Officio Members

Superintendent
William Gronseth, Appointed February, 2012
Deputy Clerk
Catherine Erickson, Appointed October, 2018

FINANCIAL SECTION



Independent Auditor's Report

To the School Board
Independent School District No. 709
Duluth, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 709, Duluth, Minnesota (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 5 through 16, the budgetary comparison information, information about the District's other postemployment health care plan, and information about the District's net pension liability, pages 75 through 76, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The combining and individual fund financial statements and schedules, and fiscal compliance table, pages 77 through 84, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules, and fiscal compliance table are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the combining and individual fund financial statements and schedules, and fiscal compliance table are fairly stated in all material respects in relation to the basic financial statements as a whole.

We have previously audited, in accordance with auditing standards generally accepted in the United States, the District's basic financial statements for the year ended June 30, 2018, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The individual fund schedules and combining other funds statements for the year ended June 30, 2018, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 basic financial statements. The information was subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the 2018 individual fund schedules and combining other funds statements are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated DATE on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over

financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wipfli LLP

DATE
Duluth, Minnesota

**REQUIRED SUPPLEMENTARY
INFORMATION**

INDEPENDENT SCHOOL DISTRICT NO. 709 – DULUTH PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019

As management of Independent School District No. 709 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019.

FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities increased approximately \$24 million versus 2018 to \$(37,382,587) primarily due to repayment of bond principal and interest and change in pension liability. One bond refunding occurred in 2016 and was held in escrow until the February, 2019 call date. On May 29, 2019, three bonds were refunded and the original issues were paid on that date.
- Overall program and general revenues were \$144.4 million, \$.5 million more than related expenses of \$143.9 million.
- General revenues accounted for \$102.6 million, or 71% of all fiscal year 2019 revenues. This amount is approximately the same percentage of total revenues as the prior year. Program specific revenues of \$47.7 million (related to services, grants and contributions) accounted for 29% of total fiscal 2019 revenues. This represents an increase of \$12.3 million versus the prior year.
- The District spent approximately \$126 million on governmental activities that includes a reduction in pension expense of \$13.6 million and a reduction in debt of \$8.4 million. The change in pension expense represents a decrease of \$52 million versus the prior year and is represented in the regular instruction category. This contributed to the overall reduction of \$34 million in governmental activities. Increases of \$11 million in sites and buildings, interest and fiscal charges, and regular instruction had the primary impact on this change.
- Among major funds, the General fund had \$111.9 million in revenues, consisting mainly of state aids and local property taxes, \$.7 million in other financing sources (uses), and \$109.6 million in expenditures.
- General Fund revenues exceeded budgeted operational revenues by \$1.1 million. Higher enrollment, which drives revenues, and a prior year special education payment, were the main reasons for increased revenues. The General Fund also improved because some operational expense budgets were not spent or were assigned to a future fiscal year. The District was required to recognize a \$3.5 million TRA/PERA Special Funding revenue and expense that were unknown at the time of budgeting. This was net neutral to the District. The combined effect resulted in a new unassigned fund balance of \$.7 million and assigned fund balances of \$1.9 million. The amount reserved for restricted programs was \$1.6 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor’s Report, Required Supplementary Information which includes the Management’s Discussion and Analysis (this section), the Basic Financial Statements, and Supplemental Information. The District’s basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District’s finances, in a manner similar to a private sector business.

The *statement of net position (deficit)* presents information on all of the District’s assets and deferred outflows of resources and liabilities and deferred inflow of resources, with the difference between the two reported as *net position (deficit)*. Over time, increases or decreases in net position (deficit) may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District’s net position (deficit) changed during the most recent fiscal year. All changes in net position (deficit) are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation, and operation of non-instructional services.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the District’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Proprietary Funds. The District uses an internal service fund to report activities that provide supplies and services for the District's other programs and activities. The District currently has one internal service fund for self-insured dental benefits.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The accrual basis of accounting is used for fiduciary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's budget process. The District adopts an annual expenditure budget for all governmental funds. A budgetary comparison statement has been provided for the General fund as required supplementary information.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the major budgetary comparisons.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position (Deficit)

Net position (deficit) may serve over time as a useful indicator of a government's financial position. This presentation has been impacted significantly recently as the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, and GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*.

Duluth Public Schools			
Statement of Net Position (Deficit)			
As of June 30,			
	2019	2018	Total Percentage Change
Current and Other Assets	\$ 66,511,214	\$ 136,122,879	-51%
Capital Assets	\$ 288,299,420	\$ 294,363,164	-2%
Total Assets	\$ 354,810,634	\$ 430,486,043	-18%
Total Deferred Outflows of Resources	\$ 93,239,157	\$ 100,803,701	-8%
Total Assets and Deferred Outflows of Resources	\$ 448,049,791	\$ 531,289,744	-16%
Long-term Liabilities	\$ 313,790,992	\$ 535,852,037	-41%
Other Liabilities	\$ 22,802,651	\$ 23,675,376	-4%
Total Liabilities	\$ 336,593,643	\$ 559,527,413	-40%
Total Deferred Inflows of Resources	\$ 148,838,735	\$ 33,519,240	344%
Net Position (deficit)			
Net investment in capital assets	\$ 226,566,169	\$ 104,374,986	117%
Restricted	\$ 4,078,301	\$ 39,006,692	-90%
Unrestricted (deficit)	\$(268,027,057)	\$ (205,138,587)	31%
Total Net Position (Deficit)	\$ (37,382,587)	\$ (61,756,909)	-39%

District assets of \$354.8 million include, \$29.4 million in unrestricted cash, receivables of \$36.7 million, nearly all of which is made up of property tax and state aid receivables, capital assets being depreciated of \$278 million, \$.2 million in restricted cash (for debt service and capital projects), \$10.3 million in capital assets not being depreciated, and \$0.2 million in other assets.

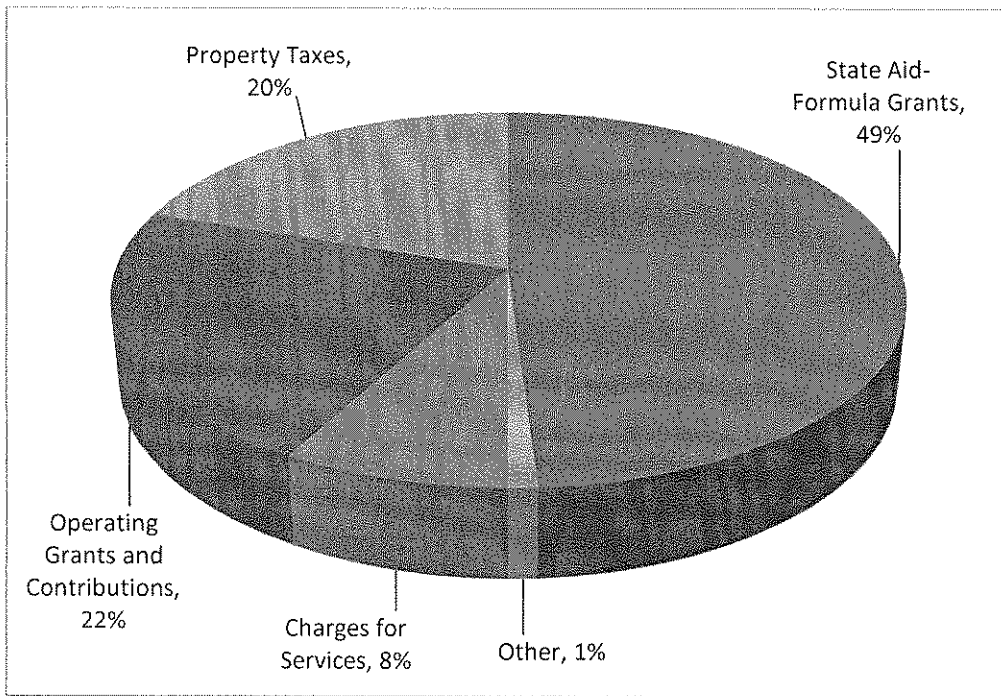
Deferred outflows of resources includes approximately \$91.9 million for pension related items and \$1.3 million for OPEB related items.

District liabilities of \$337 million include \$313.8 million in Long-term obligations (facilities plan, OPEB, severance, and future pension liabilities), \$21 million due to employees and vendors for expenditures incurred but not paid as of fiscal year-end, and \$1.7 million in other liabilities.

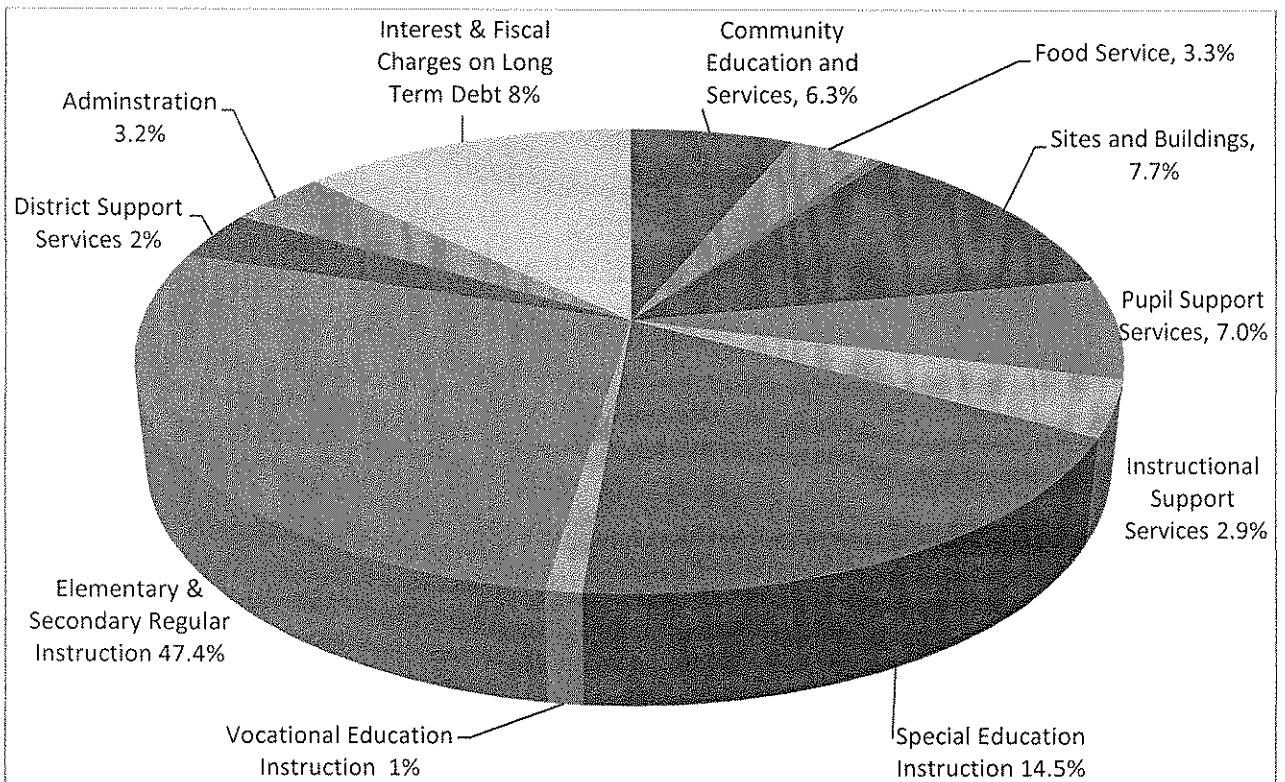
Deferred Inflows of Resources of \$148.8 million includes \$38.5 million of property taxes levied for subsequent years' expenditures and \$110.3 million for pension and OPEB related items.

INDEPENDENT SCHOOL DISTRICT NO. 709
 FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Source of Revenues for Fiscal Year 2019



Expenses for Fiscal Year 2019



Changes in Net Position (Deficit)

In the following table, the change in net position and operations are reported on a government-wide basis with no reference to funds.

Duluth Public Schools Change in Net Position (Deficit) For the Year ended June 30,

Revenues:	2019	2018	Total % Change
Program revenues:			
Charges for Services	\$13,201,523	\$7,196,302	83.4%
Operating grants and contributions	\$34,539,773	\$30,247,880	14.2%
General revenues:			
Property taxes	\$30,589,264	\$30,752,432	-0.5%
State aids	\$70,230,002	\$68,022,872	3.2%
Other	\$1,815,845	\$1,891,811	-4.0%
Total Revenues	\$150,376,407	\$138,111,297	8.9%
Expenses:			
Administration	\$4,893,750	\$5,127,921	-4.6%
District support services	\$4,307,299	\$3,122,948	37.9%
Elementary and secondary regular instruction	\$35,011,512	\$76,357,900	-54.1%
Vocational education instruction	\$1,527,612	\$1,585,531	-3.7%
Special education instruction	\$23,477,723	\$23,143,086	1.4%
Instructional support services	\$4,915,289	\$4,632,083	6.1%
Pupil support services	\$9,038,782	\$8,612,179	5.0%
Sites and buildings	\$15,167,886	\$12,379,545	22.5%
Fiscal and other fixed program costs	\$295,958	\$436,404	-32.2%
Food service	\$4,175,542	\$4,197,291	-0.5%
Community Service	\$7,997,034	\$8,045,536	-0.6%
Interest and fiscal charges on long-term debt	\$15,193,698	\$12,742,182	19.21%
Total Expenses	\$126,002,085	\$160,382,606	-21.4%
Change in net position(deficit)	\$24,374,322	\$(22,271,309)	-209.4%
Beginning of year net position (deficit)	\$(61,756,909)	\$(27,724,279)	122.8%
Implementation of New Standard		\$(11,761,321)	
Net position restated		\$(39,485,600)	
End of year net position (deficit)	\$(37,382,587)	\$(61,756,909)	-39.5%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

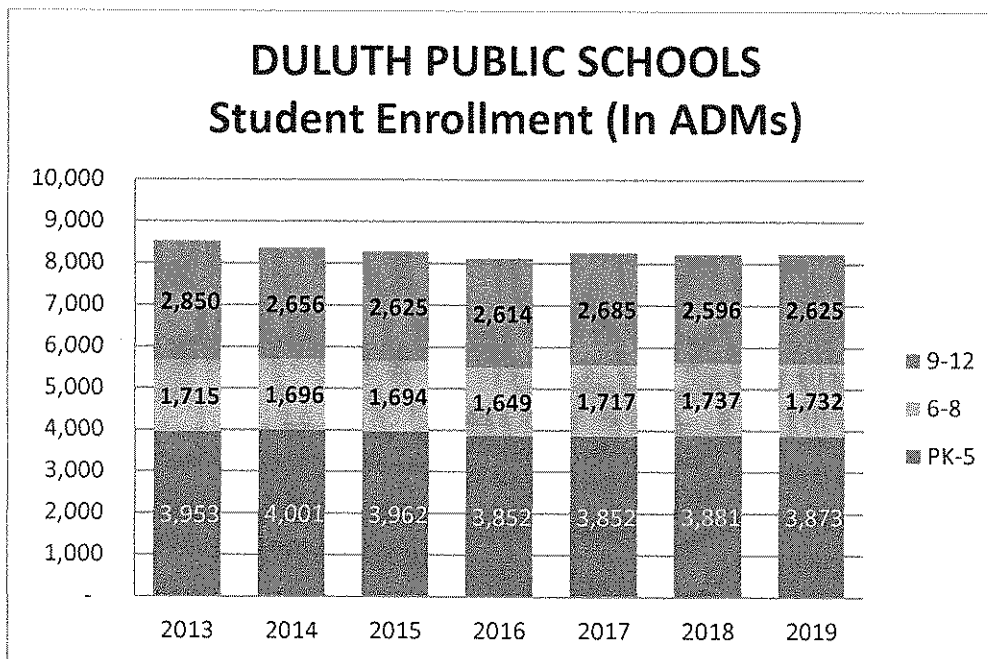
At the end of the 2018-19 fiscal year, the District's governmental funds reported a combined fund balance of \$9.9 million, a decrease of \$79 million from the prior year combined fund balance of \$89 million. This resulted from the use of escrow funds to pay off the Certificates of Participation Bond Series 2008B on the February 1, 2019 call date.

General Fund

The General Fund is used to account for all revenues and expenditures of the school district not accounted for elsewhere. The General Fund is used to account for: PK-12 educational activities; district instructional and student support programs; expenditures for the superintendent; district administration; normal operations and maintenance; pupil transportation; capital expenditures; and legal school district expenditures not specifically designated to be accounted for in any other fund.

Enrollment is a critical factor in determining revenue. Like most Minnesota school districts, the District has been facing declining enrollment. These declines have largely stabilized. The following chart reflects that the number of students decreased from 2013 to a low in 2016. There was an increase in 2017 with minor fluctuations in 2018 and 2019.

Student Enrollment
Average Daily Membership (ADM)



General Fund Budgetary Highlights

The General fund adopted revenue budget of \$108.5 million was reduced by \$1.9 million in state aids after a review of projected enrollments and increased by \$.7 million for grants and donations related to student and curriculum support.

The General fund adopted expenditure budget of \$108 million was decreased slightly to reflect changes from above. This resulted in a balanced budget with the changes in other financing sources (uses).

General fund revenues were \$4.7 million more than the revised budget (a difference of 4%). This was due to an increase in enrollment and underspent grant funds. There were other sources and uses of financing in the amount of \$.7 million.

General fund spending was \$2 million less than the revised budget, a difference of .2%. Budgeted spending was reduced to try to offset the anticipated reduction in revenues and reflects the Title spending level.

The General Fund balance increased \$3 million to a total of \$4.4 million as follows:

- Unassigned fund balance increased by \$.3 million.
- Restricted fund balances increased by \$813,532 to a total of \$1,586,768.
- Non-spendable fund balances decreased by \$58,195 to a total of \$178,352.
- Assigned fund balances increased to \$1.9 million for future uses.

Food Service Fund

The Food Service Fund revenues for 2018-19 totaled \$4,352,279 or \$233,459 more than the final budget. Expenditures were \$4,175,542 or \$83,439 less than the final budget. The resulting surplus of \$176,737 increased the year-end fund balance to \$1,150,456.

Community Services Fund

The Community Services Fund revenues for 2018-19 totaled \$8,020,062 or \$233,384 more than the final budget. Expenditures were \$7,974,969 or \$218,730 more than the final budget. The resulting surplus of \$45,093 increased the year-end fund balance to \$1,272,445.

Capital Projects Fund

The Capital Projects Fund revenues for 2018-19 totaled \$12,016 or \$12,016 more than the final budget. Expenditures totaled \$490,671 or \$152,019 less than the final budget. This resulted in the fund balance decreasing by \$478,655 to \$164,060.

Debt Service Fund

The Debt Service Fund is used to record revenues and expenditures for a school district's outstanding bonded indebtedness, whether for building construction or operating capital acquired through either initial or refunding bonds. Revenues for 2018-19 totaled \$20,115,795 or \$2,191,110 less than the final budget. Expenditures totaled \$21,614,906 or \$62,765 less than the final budget. Other Financing Sources and Uses included bond refunding payments from escrow accounts as a use of \$129,995,094 and issuance of bonds of \$49,664,444. The resulting deficit of \$81,829,761 decreased the fund balance to \$2,885,585.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal 2019, the District had over \$362 million invested in a broad range of capital assets, reflecting the impact of our Long Range Facilities Plan. Depreciation of \$74.7 million has been taken on existing items. As of June 30, 2019, the District had capital items, which had a depreciated value of \$288.3 million. Most of the capital investment is in buildings and equipment.

ISD 709 CAPITAL ASSETS			
	2019	2018	% Change
Land	\$9,922,793	\$9,977,536	-0.5%
Construction Work in Process	\$373,066	\$893,285	-58.2%
Land Improvement	\$2,496,033	\$2,496,033	0.0%
Buildings and Improvements	\$342,403,160	\$340,939,760	0.4%
Equipment	\$7,775,992	\$7,747,809	0.4%
Less: Accumulated Depreciation	\$(74,671,624)	(67,691,259)	10.3%
TOTAL	\$288,299,420	\$294,363,164	-2%

Long-Term Liabilities

At year-end, the District had \$197.8 million of outstanding bonds payable and certificates of participation. This reflects a decrease of \$96.7 million versus the principal amount of \$294.5 million outstanding at June 30, 2018. State statute limits the District's debt to 15% of the fair market value of property in the District. This sets the District debt limit at approximately \$1.0 million as of June 30, 2019.

The remainder of long-term liabilities is the \$34.1 million recognized for capital lease, severance benefits, and other post-employment benefits (OPEB). The change from 2018 to 2019 was a decrease of \$.4 million. The final item represents the net pension liability of \$65.2 million, a decrease of \$128.5 million versus 2018 due to a change in proportionate share for TRA.

ISD 709 LONG-TERM LIABILITIES			
	2019	2018	% Change
Certificates of Participation	\$155,130,425	\$247,430,425	-37%
General Obligation Bonds	\$42,690,000	\$47,100,000	-9%
Capital Lease	\$32,184	\$18,449	74%
Other Postemployment Benefits	\$17,046,631	\$16,985,845	0%
Severance Obligation	\$17,058,177	\$17,567,541	-3%
Net Pension Liability	\$65,163,873	\$193,662,758	-66%
TOTAL	\$297,121,290	\$522,765,018	-43%
Long-Term Liabilities			
Due within one year	\$17,351,806	\$94,179,343	-82%
Due in more than one year	\$279,769,484	\$428,585,675	-35%
TOTAL	\$297,121,290	\$522,765,018	-43%

ECONOMIC AND BUDGETARY FACTORS BEARING ON THE DISTRICT'S FUTURE

In November, 2018, a 2013 referendum was renewed for a period of ten (10) years along with an increase of approximately \$5 million annually. The increase, beginning in FY20, allowed the District to avoid larger staff and program reductions to the FY20 budget. While the revenue will provide some stability, there are still many unmet needs and priorities to address.

In addition to the revenue noted above, the state legislature approved increases to the basic formula allowance, and funding for early childhood education as part of the 2019 session. These increases are spread between FY20 and FY21.

Other factors affecting the District's future financial condition include the following:

Enrollment Trends – as the population of school-age children residing in the District declines, District revenues decline, as most of our funding is based on the number of pupils served in the District. A demographic study completed in 2017 projected slight declines in enrollment for the next five years, and while enrollment has appeared stable in FY18 and FY19, the District must consider enrollment decline in future years.

School Choice – in addition to projected population decline, more residents have chosen educational options other than the District. Increases in charter schools, home schooling and private school enrollment has contributed to pupil and corresponding revenue loss.

State Budget – Since K-12 education makes up over 40% of state spending and because State revenues account for over 78% of the District's General revenues, the District will be impacted by decisions made relative to education spending.

Medical Insurance – premium increases have been reduced through a plan change to a high-deductible statewide insurance plan. The District continues to work with employees to reduce the utilization of prescription drugs and medical services. The increase for FY17 was 6.8%, FY18 was 4.8%, and the trend continues to be a 4-6% increase..

Retiree Benefits (severance) – this large liability impacts the General fund and must be budgeted yearly until reserves are able to be set aside, as interest earned on any invested funds will accrue to the trust for severance and not be available as General fund revenue.

DISTRICT FINANCIAL CONTACT

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives and utilizes. Should you have questions about this report, or need additional information, please contact:

Office of Business Services, ISD #709
215 N. 1st Avenue East, Duluth, MN 55802
or call 218-336-8704

Financial and other district information is also available on the District website at
www.isd709.org

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

Exhibit 1

Statement of Net Position (Deficit)
June 30, 2019

	Governmental Activities
Assets	
Cash and temporary investments	\$ 29,383,558
Receivables	
Taxes and credits	24,058,711
Accounts and interest receivable	172,949
Due from other governmental units	12,429,420
Inventory	148,422
Prepayments	125,934
Restricted assets	
Cash and investments for debt service	11,412
Cash and investments for capital projects	180,808
Capital assets, net of depreciation	
Capital assets not being depreciated	10,295,859
Capital assets being depreciated	278,003,561
Total assets	\$ 354,810,634
Deferred Outflows of Resources	
Pension related items	91,937,958
OPEB related items	1,301,199
Total deferred outflows of resources	\$ 93,239,157
Total assets and deferred outflows of resources	\$ 448,049,791
Liabilities	
Salaries payable	\$ 11,378,326
Accounts and contracts payable	3,544,109
Accrued interest payable	6,162,162
Due to fiduciary funds	797,529
Due to other governmental units	72,980
Compensated absences	438,786
Unearned revenue	408,759
Long term liabilities	
Due within one year	17,351,806
Due in more than one year	279,769,484
Unamortized premium and discount, net	16,669,702
Total liabilities	\$ 336,593,643
Deferred inflows of resources	
Property taxes levied for subsequent years' expenditures	38,562,029
OPEB related items	444,497
Pension related items	109,832,209
Total deferred inflows of resources	\$ 148,838,735
Net Position (Deficit)	
Net investment in capital assets	\$ 226,566,169
Restricted for:	
State Restrictions	1,586,768
Food Service	1,150,456
Community Service	1,341,077
Debt Service	3,863,515
Unrestricted (Deficit)	(271,890,572)
Total net position (deficit)	\$ (37,382,587)
Total liabilities, deferred inflows of resources and net position (deficit)	\$ 448,049,791

The notes to the financial statements are an integral part of this statement.

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses
Governmental Activities	
Administration	\$ 4,893,750
District Support Services	4,307,299
Regular Instruction	35,011,512
Vocational Education Instruction	1,527,612
Special Education Instruction	23,477,723
Instructional Support Services	4,915,289
Pupil Support Services	9,038,782
Sites and Buildings	15,167,886
Fiscal and Other Fixed Cost Programs	295,958
Food Service	4,175,542
Community Service	7,997,034
Interest and Fiscal Charges on Long Term Debt	15,193,698
Total Governmental Activities	<u>\$ 126,002,085</u>

Exhibit 2

Program Revenues			Net (Expenses) Revenue and Changes in Net Position
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
\$	\$ 3,605,662	\$	\$ (1,288,088)
	139,696		(4,167,603)
2,880,009	3,312,032		(28,819,471)
	136,850		(1,390,762)
838,794	13,603,908		(9,035,021)
23,665	1,684,253		(3,207,371)
	2,805,323		(6,233,459)
692,145			(14,475,741)
			(295,958)
1,534,543	2,804,768		163,769
1,992,923	4,826,704		(1,177,407)
5,239,444	1,620,577		(8,333,677)
<u>\$ 13,201,523</u>	<u>\$ 34,539,773</u>	<u>\$</u>	<u>\$ (78,260,789)</u>
General Revenues			
Taxes			
Property Taxes, levied for General Purposes			\$ 12,913,609
Property Taxes, levied for Community Service			961,484
Property Taxes, levied for Debt Service			16,714,171
State aid-formula grants			70,230,002
Other general revenues			1,063,959
Investments Earnings			751,886
Total General Revenues			<u>\$ 102,635,111</u>
Change in net position (deficit)			\$ 24,374,322
Net position (deficit) - beginning			<u>(61,756,909)</u>
Net position (deficit) - ending			<u>\$ (37,382,587)</u>

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

Balance Sheet
GOVERNMENTAL FUNDS
June 30, 2019

	General Fund	Capital Projects Fund
Assets		
Cash and temporary investments	\$ 13,724,643	\$ 180,808
Cash and investments with fiscal agent	4,668	
Taxes and credits receivable	11,845,357	
Accounts and interest receivable	146,183	
Due from		
Other Minnesota school districts	1,031,782	
Department of Education	8,977,832	
Federal through Department of Education	780,943	
Federal - direct	15,416	
Other governmental units	21,291	
Inventory	56,190	
Prepayments	122,163	
Total Assets	\$ 36,726,468	\$ 180,808

Debt Service Fund	Other Funds	Total Governmental Funds
\$ 12,940,462	\$ 2,196,242	\$ 29,042,155
6,744		11,412
11,615,145	598,209	24,058,711
-	25,825	172,008
		1,031,782
221,404	379,625	9,578,861
	54,704	835,647
	946,423	961,839
		21,291
	92,232	148,422
	3,771	125,934
<u>\$ 24,783,755</u>	<u>\$ 4,297,031</u>	<u>\$ 65,988,062</u>

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

Balance Sheet
GOVERNMENTAL FUNDS
June 30, 2019

	General Fund	Capital Projects Fund
Liabilities		
Salaries payable	\$ 11,123,515	\$
Accounts payable	2,293,483	16,748
Due to		
Other funds	711,010	
Other governmental units	72,980	
Claims payable	160,274	
Construction contracts	448,763	-
Unearned revenue	250,082	
Total Liabilities	\$ 15,060,107	\$ 16,748
Deferred inflows of resources		
Property taxes levied for subsequent year's expenditures	\$ 16,596,510	
Unavailable revenue - delinquent property taxes	668,726	
Total deferred inflows of resources	\$ 17,265,236	\$

Exhibit 3
(Continued)

Debt Service Fund	Other Funds	Total Governmental Funds
\$	\$ 254,811	\$ 11,378,326
	413,204	2,723,435
	86,519	797,529
		72,980
		160,274
		448,763
	5,685	255,767
<u>\$</u>	<u>\$ 760,219</u>	<u>\$ 15,837,074</u>
\$ 20,920,240	\$ 1,045,279	\$ 38,562,029
977,930	68,632	1,715,288
<u>\$ 21,898,170</u>	<u>\$ 1,113,911</u>	<u>\$ 40,277,317</u>

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

Balance Sheet
GOVERNMENTAL FUNDS
June 30, 2019

	General Fund	Capital Projects Fund
Fund Balances		
NonSpendable:		
Inventory	\$ 56,189	\$
Prepayments	122,163	
Restricted for:		
Bond refunding	4,668	
Staff development	22,184	
Teacher Development & Evaluation	47,135	
Medical assistance	439,848	
Operating capital	57,718	
Long Term Facilities Maintenance	848,766	164,051
Projects funded by COP		9
ALC	166,449	
Debt service		
Food service		
Community education		
Early childhood family education		
School readiness		
Adult basic education		
Community service		
Assigned for:		
Textbooks	410,610	
Equipment	500,000	
Student activities	1,036,883	
Unassigned		
General	688,512	
Total Fund Balance	\$ 4,401,125	\$ 164,060
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 \$ 36,726,468	 \$ 180,808

Exhibit 3
(Continued)

Debt Service Fund	Other Funds	Total Governmental Funds
\$	\$ 92,232	\$ 148,421
	3,771	125,934
6,744		11,412
		22,184
		47,135
		439,848
		57,718
		1,012,817
		9
		166,449
2,878,841		2,878,841
	1,057,216	1,057,216
	919,855	919,855
	103,488	103,488
	79,941	79,941
	163,480	163,480
	2,918	2,918
		410,610
		500,000
		1,036,883
		688,512
<u>\$ 2,885,585</u>	<u>\$ 2,422,901</u>	<u>\$ 9,873,671</u>
<u>\$ 24,783,755</u>	<u>\$ 4,297,031</u>	<u>\$ 65,988,062</u>

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

Exhibit 4

**Reconciliation of the Balance Sheet to the
Statement of Net Position (Deficit)
Governmental Activities
June 30, 2019**

Total fund balances - governmental funds	\$ 9,873,671
Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	362,971,044
Less: accumulated depreciation	(74,671,624)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
Bond principal payable	(42,690,000)
Certificates of participation	(155,130,425)
Long-term liabilities, including capital leases, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
	(32,184)
Long-term liabilities, including severance benefits, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
	(17,058,177)
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
	(438,786)
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	
	1,715,288
Governmental funds do not report a liability for accrued interest until due and payable	
	(6,162,162)
The net pension liability and the deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the statement of net position.	
Net pension liability	(65,163,873)
Deferred inflows of resources related to pensions	(109,832,209)
Deferred outflows of resources related to pensions	91,937,958
Other post-employment benefits, deferred outflows of resources and deferred inflows of resources related to OPEB are only reported in the statement of net position.	
Total OPEB liability	(17,046,631)
Deferred inflows of resources related to OPEB	(444,497)
Deferred outflows of resources related to OPEB	1,301,199
Governmental funds report debt issuance premiums and discounts as an other financing source or use at the time of issuance, whereas, these amounts are deferred and amortized in the statement of net position.	
	(16,669,702)
An internal service fund is used by management to charge the costs of dental insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	
	158,523
Total net position (deficit) - governmental activities	\$ (37,382,587)
The notes to the financial statements are an integral part of this statement.	

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**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**Statement of Revenues, Expenditures, and Changes in Fund Balances
GOVERNMENTAL FUNDS
Year Ended June 30, 2019**

	General Fund	Capital Projects Fund
Revenues		
Local property tax levies	\$ 12,909,752	\$
Interest income	393,273	12,016
Other local and county	3,855,457	
State sources	88,480,819	
Federal sources	5,520,217	
Insurance/Judgement recovery	2,260	
Sales and other conversions of assets	778,189	
Total Revenues	\$ 111,939,967	\$ 12,016
Expenditures		
Administration	\$ 4,853,527	\$
District support services	3,950,087	
Regular instruction	48,995,162	
Vocational instruction	1,456,427	
Special education instruction	23,442,026	
Community education and services	5,009	
Instructional support services	4,896,404	
Pupil support services	8,661,183	
Sites, buildings and equipment	4,963,286	
Fiscal and other fixed cost programs	375,724	
Debt service		
Principal	1,975,000	
Interest and fiscal charges	1,395,435	
Capital outlay	4,663,696	490,671
Total Expenditures	\$ 109,632,966	\$ 490,671
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,307,001	\$ (478,655)
Other Financing Sources (Uses)		
Sale of property	\$ 388,241	\$
Issuance of bonds	24,130,000	-
Principal refunding payments from escrow	(23,900,000)	
Interest refunding payments from escrow	(255,385)	
Premium on bonds	301,644	
Issuance of capital lease	20,675	
Total Other Financing Sources (Uses)	\$ 685,175	\$ -
Net change in fund balances	\$ 2,992,176	\$ (478,655)
Fund Balances		
Beginning of Year	1,408,949	642,715
End of Year	\$ 4,401,125	\$ 164,060

Exhibit 5

Debt Service Fund	Other Funds	Total Governmental Funds
\$ 16,711,647	\$ 960,906	\$ 30,582,305
346,597		751,886
	2,165,705	6,021,162
2,221,808	2,766,976	93,469,603
835,743	4,944,211	11,300,171
	-	2,260
	1,534,543	2,312,732
<u>\$ 20,115,795</u>	<u>\$ 12,372,341</u>	<u>\$ 144,440,119</u>
\$	\$	\$ 4,853,527
		3,950,087
		48,995,162
		1,456,427
		23,442,026
	7,946,398	7,951,407
		4,896,404
	4,105,776	12,766,959
		4,963,286
		375,724
13,700,000		15,675,000
7,914,906		9,310,341
	98,337	5,252,704
<u>\$ 21,614,906</u>	<u>\$ 12,150,511</u>	<u>\$ 143,889,054</u>
\$ (1,499,111)	\$ 221,830	\$ 551,065
\$	\$	\$ 388,241
44,425,000		68,555,000
(125,690,000)		(149,590,000)
(4,305,094)		(4,560,479)
5,239,444		5,541,088
		20,675
<u>\$ (80,330,650)</u>	<u>\$</u>	<u>\$ (79,645,475)</u>
\$ (81,829,761)	\$ 221,830	\$ (79,094,410)
84,715,346	2,201,071	88,968,081
<u>\$ 2,885,585</u>	<u>\$ 2,422,901</u>	<u>\$ 9,873,671</u>

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

Exhibit 6

Reconciliation of the Statement of
Revenues, Expenditures, and Changes in Fund Balance
to the Statement of Activities
Governmental Funds
Year Ended June 30, 2019

Net changes in fund balances - governmental funds	\$ (79,094,410)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlays	2,223,727
Disposal of capital assets	(982,638)
Depreciation expense	(7,304,833)
The issuance of capital leases is reported in the governmental funds as a source of financing. Capital leases are not revenues in the Statement of Activities, but constitute a long-term liability.	
	(20,675)
The amount of Bond proceeds are reported in the governmental funds as a source of financing. Bond proceeds are not revenues in the statement of activities, but rather constitute long-term liabilities.	
	(68,555,000)
Repayment of bond principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position (deficit).	
	165,271,940
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however interest expense is recognized as the interest accrues regardless of when it is due.	
	2,252,865
Net amortization of premiums and discounts.	
	(3,582,683)
Change in severance benefits and post-employment benefits is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.	
Change in severance benefits	509,364
Change in total OPEB liability	(60,786)
Change in deferred inflows related to OPEB	21,708
Change in deferred outflows related to OPEB	(26,461)
Payment of compensated absences is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
	(12,548)
Pension expense is reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.	
Change in deferred outflows of resources related to pensions	(7,538,083)
Change in deferred inflows of resources related to pensions	(107,312,775)
Change in net pension liability	128,498,885
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditure and therefore are deferred in the funds.	
	6,959
The change in net position of the internal service fund is reported with governmental activities.	
	79,766
Change in net position (deficit) - governmental activities	\$ 24,374,322

The notes to the financial statements are an integral part of this statement.

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

Exhibit 7

STATEMENT OF NET POSITION
INTERNAL SERVICE FUND - DENTAL PLAN
PROPRIETARY FUND
JUNE 30, 2019

Assets

Current Assets

Cash and Cash Equivalents	\$	522,211
Accounts and interest receivable		941

Total Assets	\$	<u>523,152</u>
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Liabilities

Current Liabilities

Claims payable	\$	211,637
Unearned revenue		152,992

Total Liabilities	\$	<u>364,629</u>
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Net Position

Unrestricted	\$	<u>158,523</u>
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Total Net Position	\$	<u>158,523</u>
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Total Liabilities and Net Position	\$	<u>523,152</u>
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INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

Exhibit 8

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUND - DENTAL PLAN
PROPRIETARY FUND
For the Year Ended June 30, 2019

Operating revenues	
Charges for Premiums, Net of Refunds	\$ 856,813
Operating expenses	
Employee benefits	\$ 718,669
Services, supplies, and fees	<u>58,378</u>
Total Operating Expenses	<u>\$ 777,047</u>
Operating income	\$ 79,766
Total Net Position - Beginning	<u>78,757</u>
Total Net Position - Ending	<u>\$ 158,523</u>

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

Exhibit 9

STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND - DENTAL PLAN
PROPRIETARY FUND
For the Year Ended June 30, 2019

Cash Flows from Operating Activities	
Receipts from Interfund Services Provided	\$ 557,525
Receipts from retirees	334,837
Payments for administrative costs	(58,378)
Payments for claims	<u>(738,112)</u>
Net Cash Provided by Operating Activities	\$ 95,872
Cash and Cash Equivalents - Beginning	<u>426,339</u>
Cash and Cash Equivalents - Ending	<u>\$ 522,211</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	<u>\$ 79,766</u>
Adjustments to reconcile operating income to net cash provided by operating activities	
Decrease in Account Receivable	\$ 448
(Decrease) in Claims Payable	(19,443)
Increase in Unearned Revenue	<u>35,101</u>
Total Adjustments	<u>\$ 16,106</u>
Net Cash Provided by Operating Activities	<u>\$ 95,872</u>

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

Exhibit 10

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Federal Employee Benefit Trust Fund	Private- Purpose Funds
Assets		
Cash and temporary investments	\$ 486,151	\$ 138,394
Due from other funds	797,528	
Total Assets	\$ 1,283,679	\$ 138,394
Liabilities		
Due to other funds	\$	\$
Net Position		
Restricted for endowment	\$	\$ 119,224
Restricted for clock tower		19,170
Restricted for retirees	1,283,679	
Total Net Position	\$ 1,283,679	\$ 138,394
Total Liabilities and Net Position	\$ 1,283,679	\$ 138,394

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

Exhibit 11

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2019

	<u>Federal Employee Benefit Trust Fund</u>	<u>Private- Purpose Funds</u>
Additions		
Interfund contribution	\$ 237,642	\$
Interest	<u>26,637</u>	<u>780</u>
Total Additions	<u>\$ 264,279</u>	<u>\$ 780</u>
Deductions		
Benefits paid	\$ 861,157	\$
Pupil support services	<u></u>	<u></u>
Total Deductions	<u>\$ 861,157</u>	<u>\$ -</u>
Change in Net Position	\$ (596,878)	\$ 780
Net Position - Beginning	<u>1,880,557</u>	<u>137,614</u>
Net Position - Ending	<u><u>\$ 1,283,679</u></u>	<u><u>\$ 138,394</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of Independent School District No. 709 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Financial Reporting Entity

The District is an instrumentality of the State of Minnesota established to function as an educational institution. The Board of Education consists of elected officials and is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board of Education and is responsible for administrative control of the District.

The District's financial statements include all funds, departments, agencies, boards, commissions, and other component units for which the District is considered to be financially accountable.

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

Based on these criteria, there are no organizations considered to be component units of the District.

The financial transactions of student activities are included in the financial statements. Student activities are established by various student organizations (which have District employees as advisors). Amounts are usually generated and spent at the discretion of the student organizations and faculty advisors. The School Board has chosen to directly control the activities.

Basic Financial Statement Presentation

The district-wide financial statements (i.e., the Statement of Net position (deficit) and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District except for the fiduciary funds. The Fiduciary Funds are only reported in the Statements of Fiduciary Net position at the fund financial statement level.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational; or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Separate Fund financial statements are provided for governmental, proprietary funds, and fiduciary funds. Major individual governmental funds are reported as separate columns in the financial statements.

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal user of the internal services is the District's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the governmental-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are charges to customers for service. Operating expenses for the internal service fund include claims paid and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net positions are available. Depreciation expense can be specifically identified by function and is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. The effect of interfund activity has been removed from the district-wide financial statements.

Aggregate information for the remaining non-major governmental funds is reported in a single column in the fund financial statements.

The fiduciary funds are presented in the fiduciary fund financial statements by type (pension and private purpose trust funds). Since, by definition, these assets are being held for the benefit of a third party (private parties, severance obligations, etc.) and cannot be used to address activities or obligations of the District, these funds are not incorporated into the district-wide statements.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary and fiduciary fund financial statements.

Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts advance recognized in accordance with a statutory "tax shift". Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Revenue Recognition – Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within one year.
2. Recording of Expenditures – Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Internal Service Fund are employee and District contributions. Operating expenses for proprietary funds include claims paid and administrative expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Basis of Presentation

The District has established funds to account for and segregate the financial consequences of its various activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, equity, revenues, and expenditures or expenses. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and by how such activities are controlled. Descriptions of the funds included in this report are as follows:

Major Governmental Funds

The General Fund accounts for administration, kindergarten through 12th grade instruction, transporting students to and from school, purchases of land, buildings, improvements, equipment, and textbooks, major repairs, activities and other costs to the District and related revenues.

The Capital Projects Fund accounts for construction of facility additions financed by levy or bonds.

The Debt Service Fund accounts for the retirement of bonds issued for kindergarten through 12th grade projects and payments of related interest. The assets of this fund are legally restricted to the aforementioned purpose.

Non-major Governmental Funds

The Food Service Fund accounts for meals provided to students. Revenues consist of state and federal aids and grants and sales to pupils and adults.

The Community Services Fund accounts for instruction of persons not in kindergarten through 12th grades. Revenues consist of state and federal aids and grants and participation fees.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds

Proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The District's internal service fund is used to account for dental benefits for employees who are covered by the dental self-insured plan of the District.

Fiduciary Funds

The Private Purpose Funds account for principal and unexpended earnings of the Miller Memorial Playground endowment and the Clock Tower endowment.

Federal Employee Benefit Trust Fund accounts for employees' severance for federally funded programs.

Budget Policies and Basis

The School Board is responsible for the budget and for the District's financial performance against the budget. District employees prepare a proposed budget on the modified accrual basis of accounting. The budget is amended and approved by the Board before the beginning of the fiscal year as required by Minn. Stat. § 123.B.77, subd. 4. The Board reviews the District's financial progress against the budget regularly throughout the year.

Budget and Budgetary Accounting

Formal budgetary accounting is employed as a management control for all funds of the District. For each fund for which a formal budget is adopted the same basis of accounting is used to reflect actual revenues and expenditures recognized on the same basis of accounting as the fund financial statements.

Reported budget amounts represent the originally adopted budget as amended. Expenditures in excess of the budget require approval of the School Board. Employees report significant deviations from budget line amounts to the Board as they are recognized throughout the year. The annual budget is not legally binding on the District unless the District has a total deficit in its K-12 general and operating funds that exceed 2.5 percent of expenditures. The budget is adopted through passage of a resolution. The School Board must approve revisions that alter total expenditures of any fund without offsetting revenues.

Cash and Temporary Investments

Cash and investments of the individual funds are combined to form a pool, except for the fiduciary funds, and are invested, to the extent available, in securities as authorized by state law. Investment income is reported in the General, Capital, and Fiduciary Funds. Funds with negative cash balances are not charged interest. Certificates of deposits and securities of the U.S. government and its agencies are recorded at fair value, based on quoted market price. External investment pools and money market funds are recorded at fair value, based on the fair value of the position in the pool.

The District considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Amounts due from individuals and organizations are recorded as receivables at year-end. Receivables are shown net of an allowance for uncollectible accounts. At June 30, 2019, the allowance for uncollectible accounts was \$6,018. The only receivables not expected to be collected within one year are delinquent property taxes receivable.

Inventory

General Fund inventory includes instructional and other materials held in the central storeroom. Inventory in the Food Service Fund consists of food and supplies. The General Fund central storeroom inventory is priced using the weighted average method. All inventories are accounted for using the consumption method. Under the consumption method, expenditures are recognized when inventory is used rather than when purchased. Food and supplies are valued at cost on a first-in, first-out basis.

Prepayments

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are reported using the consumption method and recorded as expenditure at the time of consumption.

Property Taxes

Property tax levies are established by the School Board in December of each year and are certified to the County for collection the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The County spreads all levies over taxable property. Such taxes become a lien on January 1. Taxes are due on May 15 and October 15. The county generally remits taxes to the District at periodic intervals as they are collected. A portion of property taxes levied is paid through various state tax credits which are included in revenue from state sources in the financial statements.

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as a deferred inflow of resources (property taxes levied for subsequent year). The majority of District revenue in the General, Community Service Special Revenue Fund, and Debt Service Fund is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift".

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is deferred because it is not known to be available to finance the operations of the district in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets

Restricted assets are cash and temporary cash investments whose use is limited by legal requirements such as a bond indenture.

Capital Assets

Capital assets are recorded at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing capital assets. Capital assets are recorded in the district-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives, ranging from five to fifty years.

Capital assets not being depreciated include land and construction work in progress.

The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position (deficit) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources related to pensions for its proportionate shares of collective deferred outflows of resources related to pensions and District contributions to pension plans and the postemployment healthcare plan subsequent to the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has reported unavailable revenue from delinquent property taxes, which arises only under a modified accrual basis of accounting, in the governmental funds balance sheet. The District has also reported property taxes levied for subsequent year's expenditures as Deferred inflow of resources in both the governmental funds balance sheet and the statement of net position (deficit). The District reports deferred inflows of resources for its proportionate share of collective deferred inflows of resources related to pensions. The District also reports deferred inflows of resources related to OPEB for changes in assumptions related to the postemployment healthcare plan.

Compensated Absences

The District records a liability for earned but unpaid vacation. Unpaid sick leave does not vest and therefore is not accrued. Sick pay is recognized when paid and unused balances are used in severance calculations.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of the Teachers Retirement Association (TRA) and Public Employees Retirement Association (PERA) and additions to/deductions from TRA and PERA's fiduciary net position have been determined on the same basis as they are reported by TRA and PERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis and Minneapolis School District. This direct aid is a result of the merger of the Minneapolis Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association (DTRFA) in 2015.

Long-Term Liabilities

In the district-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are included in expenditures/expenses when incurred.

Fund Balances

In the fund financial statements, governmental funds report fund balance amounts within one of the following fund balance categories:

1. Non-spendable Fund Balances are either (a) not in spendable form, or (b) legally contractually required to remain intact.
2. Restricted Fund Balances are amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.
3. Committed Fund Balances include amounts that can be used only for the specific purposes determined by a formal action of the School Board.
4. Assigned Fund Balances include amounts intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned Fund Balance represents fund balance that has not been restricted, committed, or assigned to a specific purpose.

The District applies restricted resources first when an expense is incurred for the purpose which both restricted and unrestricted fund balance is available. If resources from more than one fund balance classification could be spent, the district will strive to spend resources from fund balance classifications in the following order: restricted, committed, assigned, and unassigned.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In accordance with the District's fund balance policy, formal board action is required to establish, modify or rescind a fund balance commitment and the District's management is authorized to assign fund balance to a specific purpose.

To ensure financial stability, the board adopted a fund balance policy that shall establish and maintain an amount in the general fund unassigned amount equal to eight percent of the budgetary unrestricted expenditures from the general fund. The minimum fund balance was not achieved at June 30, 2019.

Net Position (Deficit)

Net position (deficit) represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the district-wide financial statements. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the district-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits

Minn. Stat. § 118A.04 authorizes the District to deposit its cash and to invest in financial institutions designated by the District's Board. Minnesota Statutes require that all District deposits be covered by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes: treasury bills, notes and bonds; issues of U.S. Government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to it. The District requires collateral for deposits over FDIC insurance amounts. At June 30, 2019, the District's deposits were not exposed to custodial credit risk.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

Minn. Stat. § 118A.04 and 118A.05 generally authorizes the following types of investments as available to the District:

1. Securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as “high risk” by subd. 6;
2. Shares of a Minnesota joint powers investment trust or shares of an investment company that is registered under the Federal Investment Company Act of 1940 pursuant to the restrictions of Minn. Stat § 118A.05 subd. 4;
3. General obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota or other states provided such obligations have certain specified bond ratings by a national bond rating service;
4. Time deposits that are fully insured by the Federal Deposit Insurance Corporation or bankers’ acceptances of United States banks;
5. Commercial paper issued by United States corporations, or their Canadian subsidiaries, that is of the highest quality and matures in 270 days or less;
6. Guaranteed investment contracts (gic’s) issued or guaranteed by United States commercial banks, or domestic branches of foreign banks, or United States insurance companies, if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories;
7. Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers; and
8. Securities lending agents under the provisions of Minn. Stat. § 118A.05 subd.3.

The Minnesota School District Liquid Asset Fund (MSDLAF) and MNTrust are external investment pools not registered with the Securities and Exchange Commission (SEC). The fair value of the position on the pool is the same as the value of the pool shares. The District’s investment in MSDLAF and MN Trust Investment Shares Portfolio are measured at net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. MSDLAF and MN Trust are short-term money market portfolios. The portfolios are managed to maintain a dollar-weighted average portfolio maturity of no greater than 60 days and seek to maintain a constant net asset value (NAV) per share of \$1.00.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The District has the following investments at June 30, 2019:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 Yr</u>	<u>1-3 Years</u>	<u>Over 3 Years</u>
External Investment Pools	\$ 25,871,114	\$ 25,871,114	\$	\$
Negotiable CD's	2,831,966	2,831,966		
Total Investments	\$ 28,703,080	\$ 28,703,080	\$	\$

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the District's policy to invest only in securities that meet the ratings requirements set by state statute.

The District's exposure to credit risk as of June 30, 2019 is as follows:

<u>S & P or Moody's Rating</u>	<u>Fair Value</u>
AAAm	\$ 15,871,114
Not Rated	12,831,966
Total Investments	\$ 28,703,080

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. At June 30, 2019, none of the District's investments were subject to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the District's investment in a single issuer. The District places no limit on the amount the District may invest in one issuer. At June 30, 2019 the District did not hold investments in any one issuer (excluding mutual funds and external investment pools) that represents five percent or more of the District's investments.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs.

The District has the following investments valued at recurring fair value measurements at June 30, 2019:

Investments by fair value level	Total	Active Markets	Significant Other	Unobservable
		of Identical Assets	Observable Inputs	Inputs
		(Level 1)	(Level 2)	(Level 3)
Negotiable certificates of deposit	\$ 2,831,966	\$	\$ 2,831,966	\$
	<u>2,831,966</u>	<u>\$</u>	<u>\$ 2,831,966</u>	<u>\$</u>
Investments measured at the net asset value (NAV)				
External investment pools	25,871,114			
	<u>\$ 28,703,080</u>			

The following table sets forth additional disclosures about the District's investments whose values are estimated using net asset value (NAV) as of June 30, 2019:

	Amount	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
External Investment Pool - MSDLAF	\$ 1,853,503	\$	14 days*	24-hour notice
External Investment Pool - MNTrust	24,017,611	\$	None	None
	<u>\$ 25,871,114</u>			

*With the exception of direct investments of funds distributed by the State of Minnesota

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

The District's total cash and investments as of June 30, 2019 are as follows:

Petty Cash	\$	2,605
Deposits		1,494,638
Investments		28,703,080
		28,703,080
	\$	30,200,323

The District's total cash and investments as of June 30, 2019 are presented in the basic financial statements as follows:

Statement of Net Position (Deficit)		
Cash and Temporary Investments	\$	29,383,558
Restricted Assets		
Cash and Investments for Debt Service		11,412
Cash and Investments for Capital Projects		180,808
Statement of Fiduciary Net Position		
Cash and Temporary Investments		
Federal Employee Benefit Trust Fund		486,151
Private Purpose Funds		138,394
		138,394
Total Cash and Investments	\$	30,200,323

NOTE 3 – TAXES AND CREDITS RECEIVABLE

Current taxes and credits receivable represent the uncollected balance of the 2018 levy, collectible in 2019, including related state property tax relief aid. Delinquent taxes receivable represent taxes due from levies of the prior six years. At June 30, 2019, property taxes and credits receivable consisted of:

<u>Fund</u>	<u>Current</u>	<u>Delinquent</u>	<u>Total</u>
General Fund	\$ 11,176,631	\$ 668,726	\$ 11,845,357
Community Services Fund	529,577	68,632	598,209
Debt Services Fund	10,637,215	977,930	11,615,145
	10,637,215	977,930	11,615,145
Total	\$ 22,343,423	\$ 1,715,288	\$ 24,058,711

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - INVENTORY

Inventory at June 30, 2019, consisted of:

· General Fund - Supplies	\$ 56,189
Food Service Fund - Food	<u>92,232</u>
Total	<u>\$ 148,421</u>

NOTE 5 - LEASE OBLIGATIONS

Operating Leases

The District is committed under various operating leases for building space, parking facilities, and equipment. Rent expense for the year ended June 30, 2019, was \$311,064.

Future minimum lease payments under operating leases, which are not reflected in these financial statements, consist of the following at June 30, 2019:

<u>Year Ending June 30</u>	
2020	\$ 316,390
2021	249,845
2022	215,416
2023	<u>32,104</u>
Total	<u>\$ 813,755</u>

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 – CAPITAL ASSETS

A summary of the changes in capital assets in fiscal year 2019 is as follows:

Capital Assets Not Depreciated	Balance 6/30/2018	Additions	Disposals	Balance 6/30/2019
Land	\$ 9,977,536	\$ -	\$ (54,743)	\$ 9,922,793
Construction Work in Process	893,285	373,066	(893,285)	373,066
Total Capital Assets Not Depreciated	\$ 10,870,821	\$ 373,066	\$ (948,028)	\$ 10,295,859
Capital Assets Depreciated				
Land Improvements	\$ 2,496,033	\$ -	\$ -	\$ 2,496,033
Buildings	340,939,760	1,463,400	-	342,403,161
Furniture & Equipment	7,747,809	387,262	(359,079)	7,775,992
Total Capital Assets Depreciated	\$ 351,183,602	\$ 1,850,662	\$ (359,079)	\$ 352,675,186
Less Accumulated Depreciation	\$ (67,691,259)	\$ (7,304,833)	\$ 324,468	\$ (74,671,624)
Capital assets, being depreciated, net	283,492,343	(5,454,172)	(34,611)	278,003,561
Total capital assts, net of depreciation	\$ 294,363,164	\$ (5,081,106)	\$ (982,638)	\$ 288,299,420

Depreciation expense was charged to governmental functions as follows:

Program	2019 Depreciation
Administration	\$ 13,917
District Support Service	87,255
Elem/Sec Regular Instruction	11,806
Vocational Education Instruction	21,493
Special Education Instruction	4,985
Community Education and Service	17,056
Instructional Support Services	2,124
Pupil Support Services	198,638
Sites and Buildings	6,947,558
Total	\$ 7,304,833

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Included in amounts reported for capital assets are land, buildings, and equipment related to closure hearings conducted by the School Board. The closure hearings included Central High School and Secondary Technical Center. The net book value of the remaining assets total \$3,119,713.

NOTE 7 – LONG-TERM LIABILITIES

Certificates of Participation

\$5,000,000 Full Term Refunding Certificates of Participation, Series 2010C due in annual installments of \$210,000 to \$370,000 plus 2.00 to 4.00 percent interest from August 1, 2011 through February 1, 2028.	\$ 985,000
\$12,800,424.50 Full Term Capital Appreciation Certificates of Participation, Series 2012A due in annual installments of \$536,344 to \$2,304,404 plus 3.70 to 4.25 percent interest from February 1, 2021 through February 1, 2028.	12,800,425
\$6,340,000 Certificates of Participation, Series 2012B due in annual installments of \$260,000 to \$460,000 plus 3.00 to 5.25 percent interest from March 1, 2013 through March 1, 2032.	4,715,000
\$82,605,000 Full Term Refunding Certificates of Participation, Series 2016A due in annual installments of \$4,470,000 to \$9,900,000 plus 3.00 to 5.00 percent interest from February 1, 2017 through February 1, 2028.	68,075,000
\$24,130,000 Refunding Certificates of Participation, Series 2019A due in annual installments of \$1,350,000 to \$2,585,000 plus 3.00 to 4.20 percent interest from March 1, 2020 through March 1, 2034.	24,130,000
\$41,715,000 Full Term Refunding Certificates of Participation, Series 2019B due in annual installments of \$4,215,000 to \$5,935,000 plus 5.00 percent interest from February 1, 2020 through February 1, 2028.	41,715,000
\$2,710,000 Full Term Refunding Certificates of Participation, Series 2019C due in annual installments of \$295,000 to \$350,000 plus 5.00 percent interest from February 1, 2020 through February 1, 2028.	<u>2,710,000</u>
Total	<u>\$ 155,130,425</u>

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

The annual requirements to amortize the principal and interest are:

Year Ended June 30	Total	Principal	Interest
2020	\$ 17,200,986	\$ 11,785,000	\$ 5,415,986
2021	17,967,984	11,851,344	6,116,640
2022	19,348,184	13,308,895	6,039,289
2023	19,882,459	14,288,340	5,594,119
2024	20,212,059	15,183,560	5,028,499
2025-2029	94,169,876	76,793,286	17,376,590
2030-2034	13,469,580	11,920,000	1,549,580
Total	<u>\$ 202,251,128</u>	<u>\$ 155,130,425</u>	<u>\$ 47,120,703</u>

On May 29, 2019, the District issued \$24,130,000 in Refunding Certificates of Participation, Series 2019A, to refund the Certificates of Participation, Series 2009B; \$41,715,000 Full Term Refunding Certificates of Participation, Series 2019B, to refund the Taxable Full Term Certificates of Participation, Series 2009A; and \$2,710,000 Full Term Certificates of Participation, Series 2019C, to refund the Full Term Refunding Certificates of Participation, Series 2010C. The maturity date for the Series 2019A was extended by five years beyond that of the refunded Series 2009B. The refundings of Series 2009A and Series 2010C were undertaken to reduce total debt service payments over the next nine years by \$6,576,679 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$1,723,608. The refunding of Series 2009B, while extending the payments by five years, resulted in a net present value of savings in the amount of \$493,291 over the term of the certificates.

Bonds Payable

\$44,320,000 General Obligation School Building Refunding Bonds (Series 2015B) due in annual installments of \$525,000 to \$5,135,000 plus 3.50 to 4.00 percent interest from August 1, 2015 to February 1, 2028.	\$ 40,125,000
\$3,640,000 Taxable General Obligation Facilities Maintenance Bonds (Series 2017A) due in annual installments of \$690,000 to \$755,000 plus 2.00 to 3.00 percent interest from February 1, 2018 through February 1, 2022.	2,195,000
\$615,000 Taxable General Obligation School Capital Facilities Bonds (Series 2017B) due in annual installments of \$115,000 to \$130,000 plus 2.00 to 3.00 percent interest from February 1, 2018 through February 1, 2022.	<u>370,000</u>
Total	<u>\$ 42,690,000</u>

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 – Long-Term Liabilities (CONTINUED)

The annual requirements to amortize the principal and interest are:

Year Ended June 30	Total	Principal	Interest
2020	\$ 6,194,950	\$ 4,565,000	\$ 1,629,950
2021	6,190,650	4,735,000	1,455,650
2022	6,191,000	4,955,000	1,236,000
2023	5,280,850	4,275,000	1,005,850
2024	5,282,100	4,490,000	792,100
2025-2028	21,165,800	19,670,000	1,495,800
Total	<u>\$ 50,305,350</u>	<u>\$ 42,690,000</u>	<u>\$ 7,615,350</u>

Capital Leases

The District is committed under two capital leases for six (6) copiers. The terms of the leases are for 60 months beginning September 1, 2017 and for 60 months beginning February 1, 2019. At the end of the lease the District will purchase the copiers for one dollar.

Furniture and equipment includes the following amounts for the copiers that have been capitalized:

Furniture and equipment	\$ 42,814
Less: Accumulated amortization	8,709
Total	<u>\$ 34,105</u>

Lease amortization is included in depreciation expense.

Future minimum lease payments by year and in the aggregate under the capital lease consist of the following at June 30, 2019:

<u>Year Ending June 30</u>	
2020	\$ 8,563
2021	8,563
2022	8,563
2023	4,872
2024	1,624
	<u>\$ 32,184</u>

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

Changes in long-term debt for the year ended June 30, 2019 are:

	Balance June 30, 2018	Increase	Payments/ Adjustments	Balance June 30, 2019
Certificates of participation	\$ 247,430,425	\$ 68,555,000	\$ 160,855,000	\$ 155,130,425
Bonds payable	47,100,000		4,410,000	42,690,000
Capital lease	18,449	20,675	6,940	32,184
OPEB	16,985,845	1,610,558	1,549,772	17,046,631
Severance obligation	17,567,541	3,583,053	4,092,417	17,058,177
Net pension liability	<u>193,662,758</u>	<u>3,844,344</u>	<u>132,343,229</u>	<u>65,163,873</u>
Total	<u>\$ 522,765,018</u>	<u>\$ 77,613,630</u>	<u>\$ 303,257,358</u>	<u>\$ 297,121,290</u>

Certificates of Participation and bonds are paid from the General and Debt Service Funds. OPEB, severance obligations, and net pension liability are paid from the General, Food Service, Community Service, or the Federal Employee Benefit Trust funds.

The American Recovery and Reinvestment Act of 2009 (ARRA) created build America bonds and recovery zone economic development bonds. As a result of this act, the District receives direct payments from the Federal Government equal to 35 percent of the interest payments due on bond Series 2009A. During the year the District received an interest subsidy from the Federal Government totaling \$835,743. Bond Series 2009A was refunded on May 29, 2019.

The following is a summary of the current (due in one year or less) and the long-term portion (due in more than one year) of long-term debt as of June 30, 2019:

	Current Portion	Long-term Portion	Total
Certificates of participation	\$ 11,785,000	\$ 143,345,425	\$ 155,130,425
Bonds payable	4,565,000	38,125,000	42,690,000
Capital lease	8,563	23,621	32,184
OPEB		17,046,631	17,046,631
Severance obligation	993,243	16,064,934	17,058,177
Net pension liability		<u>65,163,873</u>	<u>65,163,873</u>
Total	<u>\$ 17,351,806</u>	<u>\$ 279,769,484</u>	<u>\$ 297,121,290</u>

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

Legal Debt Margin

The District's legal debt limit is 15% of the fair market value of the property within the District. The District's legal debt margin at June 30, 2019 is approximately \$1,019,078,548.

NOTE 8 - COMPENSATED ABSENCES

Vacation and sick leave are earned based on various bargaining unit contracts and length of service as follows:

	<u>Vacation</u>	<u>Sick Leave</u>
Teachers	None	10 days per year
Administrative	10 - 25 days per year	10 - 13 days per year
Maintenance	2 - 5 weeks per year	18 days per year
Non-certified	0 - 6 weeks per year	13 - 18 days per year

At June 30, 2019, \$438,786 has been included in the district-wide financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 - SEVERANCE OBLIGATIONS

Upon retirement, most District employees are entitled to a severance amount based on accumulated unused sick leave, age, years of service and wage rate at date of retirement, as established by contracts with bargaining units or other employment contracts. These contracts establish the terms and amounts each retiree is eligible to receive, and establish when these severance benefits vest, all of which may differ between each bargaining unit and employee group.

For some bargaining units, the District remits either a lump sum or one third of the calculated severance benefit to the Minnesota State Retirement System Health Care Savings Plan (HCSP) upon retirement of the employee. The remaining two thirds of the calculated amount due the employee are paid over a two year period. These funds will be disbursed in accordance with the HCSP account agreement, which is a separate agreement between the HCSP and the retiree.

For the remaining employees, the District pays a portion of the severance benefit to the state HCSP and retains a portion for the employees to use to pay future health insurance premiums. Severance is recorded as expenditure when paid. The retained severance obligation for this benefit is for future health insurance benefits and amounts due to the state HCSP.

During 2019, 107 retirees received a total benefit of \$2,188,216. The District funds these expenditures as paid except for the severance for employees of federal programs, which is funded through the Federal Employee Benefit Trust.

Retained severance benefit obligations for retirees		\$ 658,971
Retained severance benefit obligations for qualified employees		17,682,885
Total termination benefits payable		<u>\$ 18,341,856</u>
Amount available in Federal Employee Benefit Trust Fund		<u>(1,283,679)</u>
 Total		 <u><u>\$ 17,058,177</u></u>

NOTE 10 – INTERFUND TRANSACTIONS

Individual fund receivable and payable balances at June 30, 2019:

	Receivable	Payable
General Fund	\$ -	\$ 711,010
Community Service Fund		86,519
Fiduciary Funds		
Federal Employee Benefit Trust Fund	797,529	
Total Funds	<u>\$ 797,529</u>	<u>\$ 797,529</u>

These amounts represent federal severance calculation and are expected to be paid within one year.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 - SEVERANCE OBLIGATIONS

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Total termination benefits payable	<u>\$ 18,341,856</u>
Amount available in Federal Employee Benefit Trust Fund	<u>(1,283,679)</u>
 Total	 <u><u>\$ 17,058,177</u></u>

NOTE 10 – INTERFUND TRANSACTIONS

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	Receivable	Payable
General Fund	\$ -	\$ 711,010
Community Service Fund		86,519
Fiduciary Funds		
Federal Employee Benefit Trust Fund	\$ 797,529	
Private Purpose Funds		-
Total Funds	<u>\$ 797,529</u>	<u>\$ 797,529</u>

These amounts represent federal severance calculation and are expected to be paid within one year.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11 – FUND BALANCE

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties.

Restricted fund balances at June 30, 2019 are as follows:

1. Restricted for Teacher Development & Evaluations – This represents amounts available for development and evaluations for teachers and principals.
2. Restricted for Projects funded by Certificates of Participation (COP) – Represents unspent COP bond issue proceeds available for construction projects identified in the District's Long-Range Facility Plan.
3. Restricted for Area Learning Center - Represents available resources for students attending the Area Learning Center. Revenue is derived by state aid and expenditures are for salaries, benefits, and supplies.
4. Restricted for Debt Service - This amount represents available resources for the payment of long-term debt. Revenues are derived from local tax levies, state aids, and federal sources and expenditures are for principal and interest costs.
5. Restricted for Food Service - This amount represents available resources for food service programs. Revenues are derived from local, state, and federal sources and expenditures are for salaries, benefits and supplies.
6. Restricted for Community Education - This amount represents available resources for community education classes. Revenues are derived from local tax levies and state aids and expenditures are for salaries, benefits and supplies.
7. Restricted for Early Childhood and Family Education (ECFE) - This amount represents available resources for ECFE classes. Revenues are derived from local tax levies and state aids and expenditures are for salaries, benefits and supplies.
8. Restricted for School Readiness - This amount represents available resources to provide services for learning readiness programs.
9. Restricted for Adult Basic Education – This amount represents the balance of carryover monies for all activity involving Adult Basic Education
10. Restricted for Community Service - This amount represents available resources to provide services for community service.
11. Restricted for Long-Term Facilities Maintenance (LTFM) - This amount represents available resources to be used for LTFM projects in accordance with the 10 Year Plan.
12. Restricted for Bond Refunding - This amount represents amounts held in escrow on Refunding Bond Series 2019A, B, and C.
13. Restricted for Staff Development – This amount represents funds available for staff development expenses consisting of substitute costs, registrations, trainings, etc.
14. Restricted for Medical Assistance – This represents funds generated from medical assistance billings and can only be used for special education activities.
15. Restricted for Operating Capital – This amount represents available resources for purposes specified as allowable operating capital uses.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11 – FUND BALANCE (CONTINUED)

Below is a detail description of the restricted fund balance amount reported on the Government's Balance Sheet on June 30, 2019.

Teacher Development & Eval	\$ 47,135
Medical Assistance	\$ 439,848
Staff Development	22,184
Bond Refunding	11,412
Operating Capital	57,718
LTFM	1,012,817
Projects Funded by COP	9
Area Learning Center	166,449
Debt Service	2,878,841
Food Service	1,057,216
Community Education	1,019,855
Early Childhood Family Education	103,488
School Readiness	79,941
Adult Basic Education	163,480
Community Service	2,918
	<hr/>
Total Restricted Fund Balance	<u><u>\$ 7,063,311</u></u>

NOTE 12 - POST-EMPLOYMENT HEALTHCARE PLAN

The cost of post-employment benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 75, the District recognizes the costs of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the District's future cash flows. The plan does not issue a standalone financial report, but is included in this report of the District.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 - POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Plan Description

Duluth Public Schools administers a single-employer defined benefit OPEB plan which provides medical benefits to eligible retired employees and their dependents in accordance with the terms of the plan. The District has not established a trust fund to account for the plan.

Employees covered by benefit terms

At June 30, 2017, the following employees were covered by the benefit terms:

Active employees electing coverage	1,036
Active employees waiving coverage	53
Retirees electing coverage	801
	1,890

The District's total OPEB liability of \$17,046,631 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.75%	
Discount rate	3.62%	
Healthcare trend rates	Fiscal Year	Medical
	Beginning	
	2018	6.80%
	2019	6.90%
	2020	6.30%
	2021	5.80%
	2022-2055	5.20%
		Transition
		ultimate
	2056-2074	rate
	2075	4.40%

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 - POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

The discount rate was determined using the index rate for 20-Year, tax-exempt, municipal bonds (Fidelity 20-Year Municipal GO AA Index).

Mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2015, and other adjustments.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at 6/30/2018	\$ 16,985,845
Changes for the year:	
Service cost	997,070
Interest	613,488
Changes of assumptions	(49,578)
Benefit payments	(1,500,194)
	60,786
Net changes	60,786
Balances at 6/30/2019	\$ 17,046,631

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as that the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.62%) or one percentage point higher (4.62%) than the current discount rate:

	1% Decrease 2.62%	Discount Rate 3.62%	1% Increase 4.62%
Total OPEB Liability	\$ 17,881,965	\$ 17,046,631	\$ 16,232,407

Sensitivity of the Total OPEB Liability to Changes in the Health Care Trend Rates

The following presents the total OPEB Liability of the District, as well as what the District's total OPEB liability would be if calculated using healthcare trend rates that are one percentage point lower or one percentage point higher than the current healthcare trend rates:

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	\$ 16,511,121	\$ 17,046,631	\$ 17,662,710

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 - POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflow of Resources Related to OPEB

For the year ended June 30, 2019 the District recognized OPEB expense of \$1,539,272. The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$	\$ 444,497
Contribution subsequent to measurement date	1,301,199	
Total	\$ 1,301,199	\$ 444,497

The amount of \$1,301,199 reported as deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30	Pension Expense Amount
2020	\$ (71,286)
2021	(71,286)
2022	(71,286)
2023	(71,286)
2024	(71,286)
Thereafter	(88,067)
Total	\$ (444,497)

NOTE 13 – DEFINED BENEFIT PENSION PLANS

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by Teachers' Retirement Association of Minnesota (TRA) and Public Employees Retirement Association (PERA). TRA and PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes. TRA and PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Teachers' Retirement Association of Minnesota

Plan Description

Certified employees of the District are covered by defined benefit plans administered by the Teachers' Retirement Association (TRA). TRA is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund. TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. TRA is a separate statutory entity and administered by a Board of Trustees. The Board consists of four active members, one retired member and three statutory officials.

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state (except those teachers employed by St. Paul schools or Minnesota State colleges and universities) are required to be TRA members. Educators first hired by Minnesota State may elect either TRA coverage or coverage through Minnesota State's Individual Retirement Account Plan (IRAP) within one year of eligible employment.

Benefits Provided

TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota Statute and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any five consecutive years of allowable service, age, and a formula multiplier based on years of credit at termination of service.

Two methods are used to compute benefits for TRA's Coordinated and Basic Plan members. Members first employed before July 1, 1989, receive the greater of the Tier I or Tier II benefits as described.

<u>Tier I Benefits</u>	<u>Step Rate Formula</u>	<u>Percentage</u>
Basic	First ten years of service	2.2%/year
	All years after	2.7%/year
Coordinated	First ten years if years up to 7/1/2006	1.2%/year
	First ten years if years 7/1/2006 or after	1.4%/year
	All other years if years up to 7/1/2006	1.7%/year
	All other years if years 7/1/2006 or after	1.9%/year

Under Tier I benefits, normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service; 3 percent per year early retirement reduction factor for all years under normal retirement age; and unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Tier II Benefits

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for coordinated members and 2.7 percent per year for basic members is applied. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated Plan members and 2.7 for Basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statute. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

Members first employed after June 30, 1989, receive only the Tier II calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree – no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans that have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is eligible for a refund of their employee contributions plus interest.

The benefit provisions stated apply to active plan participants. Vested, terminated employees who are entitled to benefits but not yet receiving them are bound by the plan provisions in effect at the time they last terminated their public service.

Contribution Rate

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal years ended June 30, 2017, June 30, 2018, and June 30, 2019, were:

<u>Basic</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Employee	11.00%	11.00%	11.00%
Employer	11.50%	11.50%	11.71%
<u>Coordinated</u>			
Employee	7.50%	7.50%	7.50%
Employer	7.50%	7.50%	7.71%

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

The following is a reconciliation of the employer contributions in TRA's CAFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations.

Employer contributions reported in TRA's CAFR, Statement of Changes in Fiduciary Net Position	\$ 378,728,000
Add employer contributions not related to future contribution efforts	522,000
Deduct TRA's contributions not included in allocation	<u>(471,000)</u>
 Total employer contributions	 \$ 378,779,000
 Total non-employer contributions	 <u>35,588,000</u>
Total contributions reported in Schedule of Employer and Non-Employer Allocations	<u><u>\$ 414,367,000</u></u>

Amounts reported in the allocation schedules may not precisely agree with financial statement amounts or actuarial valuations due to the number of decimal places used in the allocations. TRA has rounded percentage amounts to the nearest ten thousandths.

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information:

Valuation Date	July 1, 2018
Experience Study	June 5, 2015
	November 6, 2017 (economic assumptions)
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.50%
Price inflation rate	2.50%
Wage growth rate	2.85% for 10 years, 3.25% thereafter
Projected salary increase	2.85% - 8.85% for 10 years and 3.25% to 9.25% thereafter
Cost of living adjustment	1.0% for January 2019 through January 2023, then Increasing by 0.1% each year up to 1.5% annually

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Mortality Assumption:

Pre-retirement:

RP-2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP-2015 scale.

Post-retirement:

RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.

Post-disability:

RP-2014 disabled retiree mortality table, without adjustment.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Allocations of June 30, 2018</u>	<u>Final Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	33%	36%	5.10%
International Equity	16%	17%	5.30%
Private Markets	25%	25%	5.90%
Fixed Income	16%	20%	0.75%
Treasuries	8%	8%	0.50%
Unallocated Cash	2%	2%	0.00%
Total	100%	100%	

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2016 is six years. The *Difference Between Expected and Actual Experience*, *Changes of Assumptions*, and *Changes in Proportion* use the amortization period of six years in the schedule presented. The amortization period for *Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments* is five years as required by GASB 68.

Changes in actuarial assumptions since the 2017 valuation:

1. The cost of living adjustment (COLA) was assumed to increase from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

2. Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
3. The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
4. Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
5. Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
6. The employer contribution rate is increased each July 1 over the next 6 years, (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.5% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. This is an increase from the discount rate at the prior measurement date of 5.12%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2018 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

Net Pension Liability

At June 30, 2019, the District reported a liability of \$52,088,203 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. The District's proportionate share was 0.8293% at the end of the measurement period and 0.8874% for the beginning of the year.

The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the District as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the District were as follows:

District's proportional share of net pension liability	\$ 52,088,203
State's proportional share of net pension liability associated with the District	\$ 4,893,712

For the year ended June 30, 2019, the District recognized pension expense of \$(37,560,485). It also recognized \$3,415,494 as an increase to pension expense for the support provided by direct aid.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

At June 30, 2018, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 15,517	\$ 1,115,489
Net difference between projected and actual earnings on plan investments		4,419,345
Changes in assumptions	70,148,371	90,116,441
Contributions paid to TRA subsequent to the measurement period	4,047,446	
Changes in proportion	14,479,228	9,664,845.00
Total	\$ 88,690,562	\$ 105,316,120

\$3,639,786 reported as a deferred outflow resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

Deferred outflows and inflows of resources will be recognized in pension expense as follows:

Year Ended June 30	Pension Expense Amount
2020	\$ 12,189,972
2021	\$ 3,976,652
2022	\$ 626,849
2023	\$ (21,456,433)
2024	\$ (16,010,044)
Total	\$ (20,673,004)

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Discount Rate	6.50%	7.50%	8.50%
District's proportionate share of the TRA net pension liability	\$ 82,663,767	\$ 52,088,203	\$ 26,863,564

The District's proportion of the net pension liability was based on the employer contributions to TRA in relation to TRA's total employer contributions including direct aid contributions from the State of Minnesota, City of Minneapolis, and Minneapolis School District.

Pension Plan Fiduciary Net Position

Detailed information about TRA's fiduciary net position is available in a separately-issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org, or by writing to Teachers Retirement Association of Minnesota, 60 Empire Drive, Suite 400, St. Paul, Minnesota, 55103-4000, or by calling 651-296-2409 or 800-657-3669.

Public Employees Retirement Association (PERA)

Plan Description

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

All full-time and certain part-time employees of the District other than teachers are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute, and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for a Coordinated Plan member is 1.2% for each of the first 10 years and 1.7% for each additional year. Under Method 2, the accrual rate is 1.7% for Coordinated Plan members for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. General Employees Plan benefit recipients receive a future annual increase equal to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age (not applicable to Rule of 90 retirees, disability benefit recipients, or survivors). A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2019. The District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2019 were \$1,042,135. The District's contribution was equal to the contractually required contribution for the year as set by state statute.

Pension Costs

At June 30, 2019, the District reported a liability of \$13,075,670 for its proportionate share of General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$428,850. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 82% at the end of the measurement period and 99% for the beginning of the period.

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

District's proportionate share of the net pension liability	\$	13,075,670
State of Minnesota's proportionate share of the net pension liability associated with the District		428,850
Total	\$	13,504,520

For the year ended June 30, 2019, the District recognized pension expense of \$758,306 for its proportionate share of General Employees Plan's pension expense. In addition, the District recognized an additional \$100,007 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At June 30, 2019, the District reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 378,491	\$ 412,103
Net difference between projected and actual earnings on plan investments		1,384,872
Changes in assumptions	1,349,745	1,567,750
Contributions paid to PERA subsequent to the measurement period	1,352,710	
Changes in proportion	166,450	1,151,364
Total	\$ 3,247,396	\$ 4,516,089

\$1,352,710 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Pension Expense Amount
2020	\$ 176,369
2021	(1,032,611)
2022	(1,492,250)
2023	(272,911)
Total	\$ (2,621,403)

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for General Employees Plan.

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015.

The following changes in actuarial assumptions occurred in 2018:

Changes in Actuarial Assumptions:

1. The mortality projection scale was changed from MP-2015 to MP-2017.
2. The assumed benefit increase rate was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Changes in Plan Provisions:

1. The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
2. Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.
3. Deferred augmentation was changed to 0.0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
4. Contribution stabilizer provisions were repealed.
5. Post-retirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of the 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and nor more than 1.5%, beginning January 1, 2019.
6. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
7. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	36%	5.10%
International Stocks	17%	5.30%
Bonds	20%	0.75%
Alternative Assets	25%	5.90%
Cash	2%	0.00%
Total	100%	

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability in 2018 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Deferred Inflows Discount Rate	1% Increase in Discount Rate
Discount Rate	6.50%	7.50%	8.50%
District's proportionate share of the PERA net pension liability	\$ 21,249,637	\$ 13,075,670	\$ 6,328,293

Pension Plan Fiduciary Net Position

Detailed information about General Employees Fund fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - DENTAL SELF-INSURANCE PLAN

The District established an Internal Service Fund to account for and finance its uninsured risk of loss for employee dental insurance plans. Under these plans, the Internal Service Fund provides coverage to participating employees and their dependents for various dental costs as described in the plan.

The District makes premium payments to the Internal Services Fund on behalf of the program participants based on provisional rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss health insurance premium costs and administrative service charges.

District claim liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported. Because actual claim liabilities depend on complex factors such as inflation, changes in legal doctrines, and damage awards, the process used in computing a claim liability does not necessarily result in an exact amount. Claim liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in the balance of dental claim liabilities for fiscal year 2019 were as follows:

Fiscal Year Ended June 30	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claims Payments	Balance af Fiscal Year End
2019	\$ 231,080	\$ 777,047	\$ 797,033	\$211,094
2018	102,875	938,135	809,930	231,080

NOTE 15 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employee health and dental; and natural disasters. Risks of loss related to employee dental claims are self-insured. Risk of loss associated with workers' compensation claims were insured through participation in the Minnesota School Boards Association Insurance Trust and continue to cover claims arising during their period of coverage. The District currently carries commercial workers' compensation insurance. This policy provides coverage for up to a maximum liability limit of \$2,000,000 with a medical deductible of \$2,500 for each workers' compensation claim. All other risks of loss are insured by the purchase of commercial insurance. There were no significant reductions in insurance coverage from the previous year. There were no settlements in excess of insurance for any of the past three fiscal years.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 16 - COMMITMENTS

At June 30, 2019, the District had commitments under various construction and service contracts totaling \$418,086. The construction commitments will be paid by the General Fund.

NOTE 17 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's counsel the resolution of these matters will not have a material adverse effect on the financial conditions of the District.

NOTE 18 - SUBSEQUENT EVENT

On October 18, 2019, the District sold some vacant land. The District realized property sale revenue of \$47,735. This will be reflected in Fiscal Year 2020 financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

Statement A- 1

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
BUDGET AND ACTUAL

Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	Budget		Actual	Over (Under)	Prior Year Actual
	Original	Final		Final Budget	
Revenues					
Local property tax levies	\$ 12,802,625	\$ 12,780,894	\$ 12,909,752	\$ 128,858	\$ 12,829,419
Interest income	105,695	105,695	393,273	287,578	186,902
Other local and county	3,685,302	3,978,178	3,855,457	(122,721)	3,863,690
State sources	85,611,424	83,681,597	88,480,819	4,799,222	81,532,066
Federal sources	5,623,431	6,075,309	5,520,217	(555,092)	5,840,535
Insurance/Judgement recovery			2,260	2,260.00	80
Sales and other conversions of assets	655,847	655,847	778,189	122,342	675,155
Total Revenues	\$ 108,484,324	\$ 107,277,520	\$ 111,939,967	\$ 4,662,447	\$ 104,927,847
Expenditures					
Administration	\$ 5,260,551	\$ 5,048,892	\$ 4,853,527	\$ 195,365	\$ 5,091,704
District support services	4,800,216	5,035,368	3,950,087	1,085,281	2,801,448
Regular instruction	43,977,813	44,242,091	48,995,162	(4,753,071)	44,634,867
Vocational instruction	1,691,212	1,678,590	1,456,427	222,163	1,541,147
Special education instruction	23,157,515	22,375,302	23,442,026	(1,066,724)	23,128,596
Community education and services	-	6,789	5,009	1,780	58,829
Instructional support services	3,777,733	4,035,362	4,896,404	(861,042)	4,578,607
Pupil support services	7,861,695	7,802,822	8,661,183	(858,361)	8,184,343
Sites, buildings and equipment	6,373,469	5,726,709	4,963,286	763,423	7,785,096
Fiscal and other fixed cost programs	3,480,000	3,260,000	375,724	2,884,276	349,086
Debt Service					
Principal	1,975,000	1,975,000	1,975,000		1,900,000
Interest	1,395,435	1,395,435	1,395,435		1,471,085
Capital outlay	4,613,617	5,062,494	4,663,696	398,798	2,763,620
Total Expenditures	\$ 108,364,256	\$ 107,644,854	\$ 109,632,966	\$ (1,988,112)	\$ 104,288,428
Excess (Deficiency) of Revenues Over Expenditures	\$ 120,068	\$ (367,334)	\$ 2,307,001	\$ 2,674,335	\$ 639,419
Other Financing Sources (Uses)					
Sale of property	\$	\$ 300,000	\$ 388,241	\$ 88,241	\$ 157,571
Issuance of bonds			24,130,000	24,130,000	615,000
Premium on bonds			301,644	301,644	2,870
Principal refunding payments from escrow			(23,900,000)	(23,900,000)	
Interest refunding payments from escrow			(255,385)	(255,385)	
Transfers out				-	(139,467)
Issuance of capital lease			20,675	20,675	22,138
Total Other Financing Sources (Uses)	\$ -	\$ 300,000	\$ 685,175	\$ 385,175	\$ 658,112
Net change in fund balance	\$ 120,068	\$ (67,334)	\$ 2,992,176	\$ 3,059,510	\$ 1,297,531
Fund Balance					
Beginning of Year			\$ 1,408,949		\$ 111,418
End of Year			<u>\$ 4,401,125</u>		<u>\$ 1,408,949</u>

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**INFORMATION ABOUT THE DISTRICT'S OTHER POSTEMPLOYMENT
HEALTH CARE PLAN
June 30, 2019**

Statement A- 2

Schedule of Changes in Total OPEB Liability and Related Ratios

	2019
Total OPEB Liability	
Service Cost	\$ 997,070
Interest	613,488
Changes in assumptions	(49,578)
Benefit payments	(1,500,194)
Net change in total OPEB liability	\$ 60,786
Total OPEB Liability - beginning of year	16,985,845
Total OPEB Liability - end of year	\$ 17,046,631
 Covered payroll	 \$ 55,080,812
 Total OPEB liability as a percentage of covered payroll	 30.9%

For Fiscal Year 2019, GASB 75 was followed which establishes uniform standards of financial reporting by state and local governmental entities for postemployment benefit plans other than pension benefits (OPEB plans). The District elected to use the GASB 75 "lookback" method where assets and liabilities are measured as of the prior fiscal year-end, but applied to the current fiscal year. The measurement date is June 30, 2018. There are no assets accumulated in a trust that meets the criteria of GASB No. 75, paragraph 4, to pay related benefits.

Since the last valuation the following other changes have been made:

- Healthcare cost trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost insurance plans.
- The discount rate was updated from 3.56% to 3.62% based on updated 20-year municipal bond rates.

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

INFORMATION ABOUT THE DISTRICT'S NET PENSION LIABILITY
June 30, 2019

Statement A-3

Schedule of Employer Share of Net Pension Liability

Teacher's Retirement Association (TRA)

Measurement Date	Employer's Proportion (%) of Net Pension Liability	Employer's Proportionate Share (Amt) of Net Pension Liability (a)	State's Proportionate Share of Net Pension Liability associated with District	Total	Employer's Covered Payroll (b)	Employer's Proportionate Share of Net Pension Liability (Asset) as a % of Covered Payroll (a/b)	Plan Fiduciary Net Position as a % of Total Pension Liability
June 30, 2018	0.8293%	\$ 52,088,203	\$ 4,893,712	\$ 56,981,915	\$ 46,816,146	109.0%	78.07%
June 30, 2017	0.8874%	\$ 177,141,137	\$ 17,123,980	\$ 194,265,117	\$ 47,767,591	370.8%	51.57%
June 30, 2016	0.8681%	\$ 207,062,563	\$ 20,782,926	\$ 227,845,489	\$ 45,155,373	458.6%	44.88%
June 30, 2015	0.7225%	\$ 44,693,771	\$ 5,481,972	\$ 50,175,743	\$ 36,668,947	121.9%	76.80%

Duluth Teacher's Retirement Fund Association (DTRFA)

Measurement Date	Employer's Proportion (%) of Net Pension Liability	Employer's Proportionate Share (Amt) of Net Pension Liability (a)	State's Proportionate Share of Net Pension Liability associated with District	Total	Employer's Covered Payroll (b)	Employer's Proportionate Share of Net Pension Liability (Asset) as a % of Covered Payroll (a/b)	Plan Fiduciary Net Position as a % of Total Pension Liability
June 30, 2014	31.6004%	\$ 81,187,076		\$ 81,187,076	\$ 42,238,042	192.2%	46.80%

Public Employees Retirement Association (PERA)

Measurement Date	Employer's Proportion (%) of Net Pension Liability	Employer's Proportionate Share (Amt) of Net Pension Liability (a)	State's Proportionate Share of Net Pension Liability associated with District	Total	Employer's Covered Payroll (b)	Employer's Proportionate Share of Net Pension Liability (Asset) as a % of Covered Payroll (a/b)	Plan Fiduciary Net Position as a % of Total Pension Liability
June 30, 2018	0.2357%	\$ 13,075,670	\$ 428,850	\$ 13,504,520	\$ 15,809,497	82.0%	79.53%
June 30, 2017	0.2588%	\$ 16,521,821	\$ 207,740	\$ 16,729,361	\$ 16,672,067	99.0%	75.90%
June 30, 2016	0.2547%	\$ 20,680,377	\$ 270,170	\$ 20,950,547	\$ 15,804,347	130.9%	68.90%
June 30, 2015	0.2582%	\$ 13,381,264		\$ 13,381,264	\$ 14,926,453	89.6%	78.20%
June 30, 2014	0.2272%	\$ 12,772,500		\$ 12,772,500	\$ 14,262,165	89.6%	78.70%

Schedule of Employer Contributions

Teacher's Retirement Association (TRA)

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
June 30, 2019	\$ 3,639,786	\$ 3,639,786	\$ -	\$ 47,690,576	7.63%
June 30, 2018	\$ 3,436,211	\$ 3,436,211	\$ -	\$ 46,816,146	7.50%
June 30, 2017	\$ 3,582,569	\$ 3,582,569	\$ -	\$ 47,767,591	7.50%
June 30, 2016	\$ 3,386,653	\$ 3,386,653	\$ -	\$ 45,155,373	7.50%

Duluth Teacher's Retirement Fund Association (DTRFA)

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
June 30, 2015	\$ 2,750,171	\$ 2,750,171	\$ -	\$ 36,668,947	7.50%

Public Employees Retirement Association (PERA)

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
June 30, 2019	\$ 1,042,135	\$ 1,042,135	\$ -	\$ 13,896,137	7.50%
June 30, 2018	\$ 1,185,712	\$ 1,185,712	\$ -	\$ 15,809,497	7.50%
June 30, 2017	\$ 1,250,406	\$ 1,250,406	\$ -	\$ 16,672,067	7.50%
June 30, 2016	\$ 1,185,326	\$ 1,185,326	\$ -	\$ 15,804,347	7.50%
June 30, 2015	\$ 1,119,484	\$ 1,119,484	\$ -	\$ 14,926,453	7.26%

**SUPPLEMENTARY
INFORMATION**

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

Statement B-1

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUND
BUDGET AND ACTUAL
Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	Budget		Actual	Over (Under) Final Budget	Prior Year Actual
	Original	Final			
Revenues					
Interest income	\$ -	\$ -	\$ 12,016	\$ 12,016	\$ 20,271
Expenditures					
Capital Outlay		\$ 642,690	\$ 490,671	\$ (152,019)	\$ 3,030,698
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ (642,690)	\$ (478,655)	\$ (140,003)	\$ (3,010,427)
Other Financing Sources (Uses)					
Issuance of bonds	\$	\$	\$	\$ -	\$ 3,640,000
Premium on bonds				-	16,955
Transfer Out				-	(4,000)
Total Other Financing sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ 3,652,955
Net change in fund balance	\$ -	\$ (642,690)	\$ (478,655)	\$ (140,003)	\$ 642,528
Fund Balance					
Beginning of Year			642,715		187
End of Year			\$ 164,060		\$ 642,715

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

Statement C-1

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND
BUDGET AND ACTUAL
Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	Budget		Actual	Over	Prior Year Actual
	Original	Final		(Under) Final Budget	
Revenues					
Local property tax levies	\$ 18,274,130	\$ 18,274,130	\$ 16,711,647	\$ (1,562,483)	\$ 17,073,780
Interest income	1,000,000	1,000,000	346,597	(653,403)	748,155
State sources	2,198,818	2,198,818	2,221,808	22,990	2,215,181
Federal sources	833,957	833,957	835,743	1,786	885,637
Total Revenues	\$ 22,306,905	\$ 22,306,905	\$ 20,115,795	\$ (2,191,110)	\$ 20,922,753
Expenditures					
Principal	\$ 22,124,900	\$ 13,100,000	\$ 13,700,000	\$	\$ 13,100,000
Interest and fiscal charges	6,270,213	7,977,671	7,914,906	(62,765)	7,968,466
Total Expenditures	\$ 28,395,113	\$ 21,077,671	\$ 21,614,906	\$ (62,765)	\$ 21,068,466
Excess (Deficiency) of Revenues Over Expenditures	\$ (6,088,208)	\$ 1,229,234	\$ (1,499,111)	\$ (2,128,345)	\$ (145,713)
Other Financing Sources (Uses)					
Transfers in	\$	\$	\$	\$ -	\$ 143,467
Issuance of bonds	-	-	44,425,000	44,425,000	-
Principal refunding payments from escrow	(77,165,000)	(77,165,000)	(125,690,000)	(48,525,000)	(48,305,000)
Interest refunding payments from escrow	-	-	(4,305,094)	4,305,094	(5,575,263)
Premium on bonds	-	-	5,239,444	(5,239,444)	-
Total Other Financing Sources (Uses)	\$ (77,165,000)	\$ (77,165,000)	\$ (80,330,650)	\$ (4,305,094)	\$ (53,736,796)
Net change in fund balance	\$ (83,253,208)	\$ (75,935,766)	\$ (81,829,761)	\$ (6,433,439)	\$ (53,882,509)
Fund Balance					
Beginning of Year			84,715,346		138,597,855
End of Year			\$ 2,885,585		\$ 84,715,346

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

Statement D-1

COMBINING BALANCE SHEET
OTHER FUNDS
JUNE 30, 2019
With Comparative Amounts at June 30, 2018

	Food Service Fund	Community Services Fund	Totals	
			2019	2018
Assets				
Cash and temporary investments	\$ 1,061,387	\$ 1,134,855	\$ 2,196,242	\$ 2,573,751
Taxes and credits receivable		598,209	598,209	590,969
Accounts and interest receivable	15,325	10,500.00	25,825	6,287
Due from				
Department of Education		379,625	379,625	290,002
Federal through Department of Education	42,736	11,968	54,704	80,916
Federal - direct		946,423	946,423	414,853
Inventory	92,232		92,232	101,777
Prepayments	1,008	2,763	3,771	15,288
Total Assets	\$ 1,212,688	\$ 3,084,343	\$ 4,297,031	\$ 4,073,843
Liabilities				
Salaries payable	\$ 6,665	\$ 248,146	\$ 254,811	\$ 403,277
Accounts payable	55,567	357,637	413,204	245,081
Due to				
Other funds		86,519	86,519	102,825
Unearned revenue		5,685	5,685	5,735
Total Liabilities	\$ 62,232	\$ 697,987	\$ 760,219	\$ 756,918
Deferred inflows of Resources				
Property taxes levied for subsequent year's expenditures	\$	\$ 1,045,279	\$ 1,045,279	\$ 1,047,800
Unavailable revenue - delinquent property taxes		68,632	68,632	68,054
Total Deferred Inflows of Resources	\$	\$ 1,113,911	\$ 1,113,911	\$ 1,115,854
Fund Balances				
NonSpendable:				
Inventory	\$ 92,232	\$ 2,763	\$ 92,232	\$ 101,777
Prepayments	1,008		3,771	15,288
Restricted for:				
Community education		919,855	919,855	873,996
Early childhood family education		103,488	103,488	100,048
School readiness		79,941	79,941	124,391
Adult basic education		163,480	163,480	85,439
Community service		2,918	2,918	30,005
Food service	1,057,216		1,057,216	870,127
Total Fund Balance	\$ 1,150,456	\$ 1,272,445	\$ 2,422,901	\$ 2,201,071
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,212,688	\$ 3,084,343	\$ 4,297,031	\$ 4,073,843

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

Statement D-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OTHER FUNDS
Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	Food Service Fund	Community Services Fund	Totals	
			2019	2018
Revenues				
Local property tax levies	\$	\$ 960,906	\$ 960,906	\$ 947,397
Other local and county	12,968	2,152,737	2,165,705	2,037,630
State sources	227,601	2,539,375	2,766,976	2,798,803
Federal sources	2,577,167	2,367,044	4,944,211	4,998,528
Sales and other conversions of assets	1,534,543		1,534,543	1,378,836
Total Revenues	\$ 4,352,279	\$ 8,020,062	\$ 12,372,341	\$ 12,161,194
Expenditures				
Community education and services	\$	\$ 7,946,398	\$ 7,946,398	\$ 7,937,058
Pupil support services	4,105,776		4,105,776	4,187,218
Capital outlay	69,766	28,571	98,337	25,757
Total Expenditures	\$ 4,175,542	\$ 7,974,969	\$ 12,150,511	\$ 12,150,033
Net change in fund balances	\$ 176,737	\$ 45,093	\$ 221,830	\$ 11,161
Fund Balances				
Beginning of Year	<u>973,719</u>	<u>1,227,352</u>	<u>2,201,071</u>	<u>2,189,910</u>
End of Year	<u>\$ 1,150,456</u>	<u>\$ 1,272,445</u>	<u>\$ 2,422,901</u>	<u>\$ 2,201,071</u>

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

Schedule E - 1

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOOD SERVICE FUND
BUDGET AND ACTUAL
Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	Budget		Actual	Over (Under)	Prior Year Actual
	Original	Final		Final Budget	
Revenues					
Other local and county	\$ 6,000	\$ 6,000	\$ 12,968	\$ 6,968	\$ 7,908
State sources	220,000	220,000	227,601	7,601	238,049
Federal sources	2,617,000	2,633,320	2,577,167	(56,153)	2,644,169
Sales and other conversions of assets	1,259,500	1,259,500	1,534,543	275,043	1,378,836
Total Revenues	\$ 4,102,500	\$ 4,118,820	\$ 4,352,279	\$ 233,459	\$ 4,268,962
Expenditures					
Pupil support services	\$ 4,158,661	\$ 4,174,981	\$ 4,105,776	\$ (69,205)	\$ 4,187,218
Capital outlay	24,000	84,000	69,766	(14,234)	10,073
Total Expenditures	\$ 4,182,661	\$ 4,258,981	\$ 4,175,542	\$ (83,439)	\$ 4,197,291
Net change in fund balances	\$ (80,161)	\$ (140,161)	\$ 176,737	\$ 316,898	\$ 71,671
Fund Balance					
Beginning of Year			973,719		902,048
End of Year			\$ 1,150,456		\$ 973,719

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

Schedule F-1

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMMUNITY SERVICES FUND
BUDGET AND ACTUAL
Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	Budget		Actual	Over (Under)	Prior Year Actual
	Original	Final		Final Budget	
Revenues					
Local property tax levies	\$ 972,504	\$ 972,504	\$ 960,906	\$ (11,598)	\$ 947,397
Other local and county	1,787,700	1,890,954	2,152,737	261,783	2,029,722
State sources	2,548,537	2,556,176	2,539,375	(16,801)	2,560,754
Federal sources	2,093,958	2,048,620	2,367,044		2,354,359
Total Revenues	\$ 7,402,699	\$ 7,468,254	\$ 8,020,062	\$ 233,384	\$ 7,892,232
Expenditures					
Community education and services	\$ 7,658,284	\$ 7,709,995	\$ 7,946,398	\$ 236,403	\$ 7,937,058
Capital outlay	15,900	46,244	28,571	(17,673)	15,684
Total Expenditures	\$ 7,674,184	\$ 7,756,239	\$ 7,974,969	\$ 218,730	\$ 7,952,742
Net change in fund balance	\$ (271,485)	\$ (287,985)	\$ 45,093	\$ 14,654	\$ (60,510)
Fund Balance					
Beginning of Year			1,227,352		1,287,862
End of Year			\$ 1,272,445		\$ 1,227,352

INDEPENDENT SCHOOL DISTRICT 709
DULUTH, MINNESOTA

Schedule G-1

COMBINED SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCES
STUDENT ACTIVITIES ACCOUNTS AND CERTAIN CURRICULAR AND CO-CURRICULAR ACCOUNTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Activity	Cash Balance 6/30/2018	Receipts and Transfers In	Disbursements and Transfers Out	Cash Balance 6/30/2019
High Schools				
Denfeld	\$ 300,304	\$ 518,120	\$ 523,819	\$ 294,605
East	336,431	632,410	677,816	291,025
Total High Schools	\$ 636,735	\$ 1,150,530	\$ 1,201,635	\$ 585,630
Middle Schools				
Lincoln Park	\$ 43,632	\$ 45,889	\$ 51,137	\$ 38,384
Ordean East	134,502	81,457	86,889	129,070
Total Middle Schools	\$ 178,134	\$ 127,346	\$ 138,026	\$ 167,454
Elementary Schools				
Congdon Park	\$ 23,366	\$ 47,188	\$ 47,702	\$ 22,852
Homecroft	18,974	34,771	24,857	28,888
Lakewood	28,113	12,795	9,257	31,651
Laura MacArthur	18,961	27,219	27,212	18,968
Lester Park	23,223	62,952	57,909	28,266
Lowell	35,389	7,902	14,069	29,222
Myers-Wilkins	58,140	5,788	5,387	58,541
Piedmont	10,351	42,738	43,422	9,667
Stowe	37,441	20,069	20,677	36,833
Total Elementary Schools	\$ 253,958	\$ 261,422	\$ 250,492	\$ 264,888
ALC/Unity	\$ 12,869	\$ 1,651	\$ 3,916	\$ 10,604
Barnes Early Childhood	4,086	6,482	3,359	7,209
Merritt Creek Academy	787	110	150	747
Rockridge	604	400	653	351
Total Student Activities	\$ 1,087,173	\$ 1,547,941	\$ 1,598,231	\$ 1,036,883
District Funds				
Co-curricular	\$ 896,939	\$ 1,303,840	\$ 1,364,728	\$ 836,051
Extra-curricular	190,234	244,101	233,503	200,832
Total Funds	\$ 1,087,173	\$ 1,547,941	\$ 1,598,231	\$ 1,036,883

**UNIFORM FINANCIAL ACCOUNTING
AND REPORTING STANDARDS
COMPLIANCE TABLE**

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

FISCAL COMPLIANCE TABLE
FOR THE YEAR ENDED JUNE 30, 2019

	Audit	UFARS	Audit - UFARS		Audit	UFARS	Audit - UFARS
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total revenues	\$ 111,939,967	\$ 111,939,967	\$	Total revenues	\$ 12,016	\$ 12,016	\$
Total expenditures	133,788,351	133,788,351		Total expenditures	490,871	490,671	
Non spendable				Non spendable			
460 Non spendable fund balance	178,353	178,353		460 Non spendable fund balance			
Restricted/Reserve				Restricted/Reserve			
403 Staff development	22,184	22,184		407 Down payment levy			
406 Health and safety				413 Projects funded by COP			
407 Capital Projects Levy				467 LTFM	164,051	164,051	
408 Cooperative revenue				Restricted			
413 Project funded by COP				464 Restricted fund balance			
414 Operating debt				Unassigned			
416 Levy reduction				463 Unassigned fund balance			
417 Taconite building maintenance							
424 Operating capital	57,718	57,718		07 DEBT SERVICE			
426 \$25 Taconite				Total revenues	20,115,795	20,115,795	
427 Disabled accessibility				Total expenditures	21,614,906	21,614,906	
428 Learning and development				Non spendable			
434 Area learning center	168,449	168,449		460 Non spendable fund balance			
435 Contracted alt. Programs				Restricted/Reserve			
436 St. approved alt. Program				425 Bond refundings	6,744	6,744	
438 Gifted & talented				433 Maximum Effort Loan Aid			
440 Teacher Development and Eval	47,135	47,135		451 QZAB payments			
441 Basic skills program				467 LTFM			
445 Career and technical Programs				Restricted			
448 Achievement and Integration				464 Restricted fund balance	2,878,841	2,878,841	
449 Safe schools levy				Unassigned			
450 Prekindergarten				463 Unassigned fund balance			
451 QZAB payments							
452 OPEB liability not in trust				08 TRUST			
453 Unfunded sev & retirement levy				Total revenues	265,060	265,060	
459 Basic skills extended time				Total expenditures	861,157	861,157	
467 LTFM	848,766	848,766		422 Net position	1,422,073	1,422,073	
472 Medical Assistance	439,848	439,848					
Restricted				20 INTERNAL SERVICE			
464 Restricted fund balance				Total revenues	856,813	856,813	
475 Title VII Impact Aid				Total expenditures	777,047	777,047	
476 Payments in lieu of taxes				422 Net position	158,523	158,523	
Committed							
418 Committed for separation				25 OPEB REVOCABLE TRUST FUND			
461 Committed fund balance				Total revenues			
Assigned				Total expenditures			
462 Assigned fund balance	1,947,492	1,947,492		422 Net position			
Unassigned							
422 Unassigned fund balance	688,511	688,511		45 OPEB IRREVOCABLE TRUST FUND			
				Total revenues			
02 FOOD SERVICE				Total expenditures			
Total revenues	4,352,278	4,352,278		422 Net position			
Total expenditures	4,175,542	4,175,542					
Non spendable				47 OPEB DEBT SERVICE FUND			
460 Non spendable fund balance	93,240	93,240		Total revenues			
Restricted				Total expenditures			
452 OPEB liability not in trust				Non spendable			
464 Restricted fund balance	1,057,216	1,057,216		460 Non spendable fund balance			
Unassigned				Restricted			
463 Unassigned fund balance				425 Bond refundings			
				464 Restricted fund balance			
04 COMMUNITY SERVICE				Unassigned			
Total revenues	8,020,062	8,020,062		463 Unassigned fund balance			
Total expenditures	7,974,969	7,974,969					
Non spendable							
460 Non spendable fund balance	2,764	2,764					
Restricted/Reserve							
426 \$25 Taconite							
431 Community education	919,856	919,856					
432 ECFE	103,488	103,488					
440 Teacher dev and evaluation							
444 School readiness	79,941	79,941					
447 Adult Basic Education	163,480	163,480					
452 OPEB liability not in trust							
Restricted							
464 Restricted fund balance	2,918	2,918					
Unassigned							
463 Unassigned fund balance							

**INDEPENDENT AUDITOR'S REPORT ON LEGAL
COMPLIANCE FOR THE STATE OF MINNESOTA**

Independent School District No. 709
Audit Presentation
Year Ended June 30, 2019
Wipfli LLP



Auditor Responsibility

- Issue an opinion on the basic financial statements
- Report on compliance and internal controls over financial reporting
- Report on compliance and internal controls over federal programs – Uniform Guidance
- Report on compliance with Minnesota statutes tested

Auditor Results

- Unmodified opinion on the basic financial statements
- No internal controls finding over financial reporting
- No compliance or internal controls finding over federal programs
- No noncompliance with Minnesota statutes tested

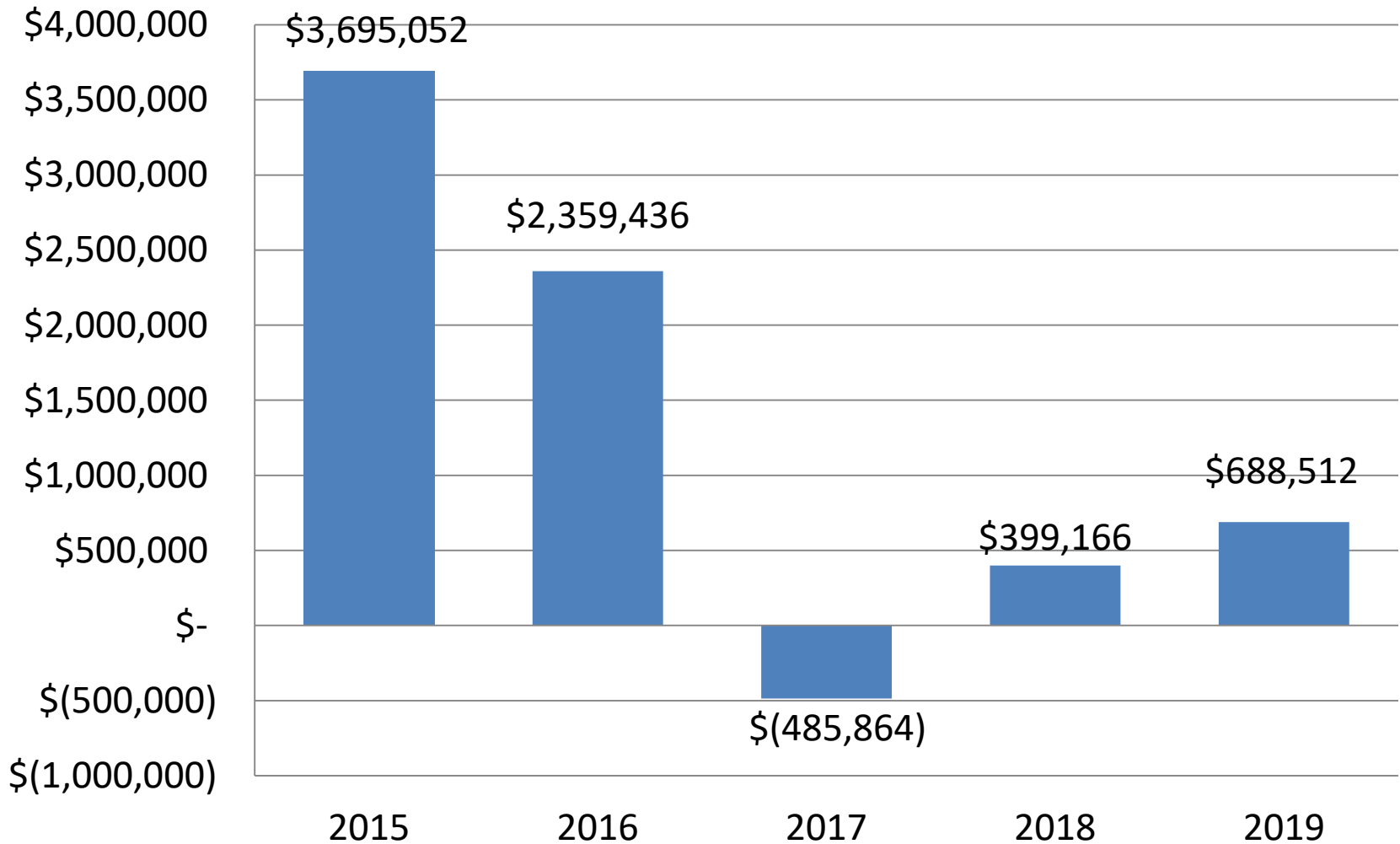
General Fund Results of Operation

Results of Operation	Budget	Final	Over (Under) Budget
Revenues	\$ 107,277,520	\$ 108,424,466	\$ 1,146,946
TRA/PERA Special Funding revenue		3,515,501	
Total revenue	107,277,520	111,939,967	
Expenditures	107,644,854	106,117,465	(1,527,389)
TRA/PERA Special Funding expenditures		3,515,501	
Total expenditures	107,644,854	109,632,966	
Deficiency of revenues over expenditures	(367,334)	2,307,001	# 2,674,335
Other financing sources	300,000	685,175	385,175
Net change in fund balance	\$ (67,334)	2,992,176	\$ 3,059,510
Fund balance, June 30, 2018		1,408,949	
Fund balance, June 30, 2019		\$ 4,401,125	

General Fund – Fund Balances

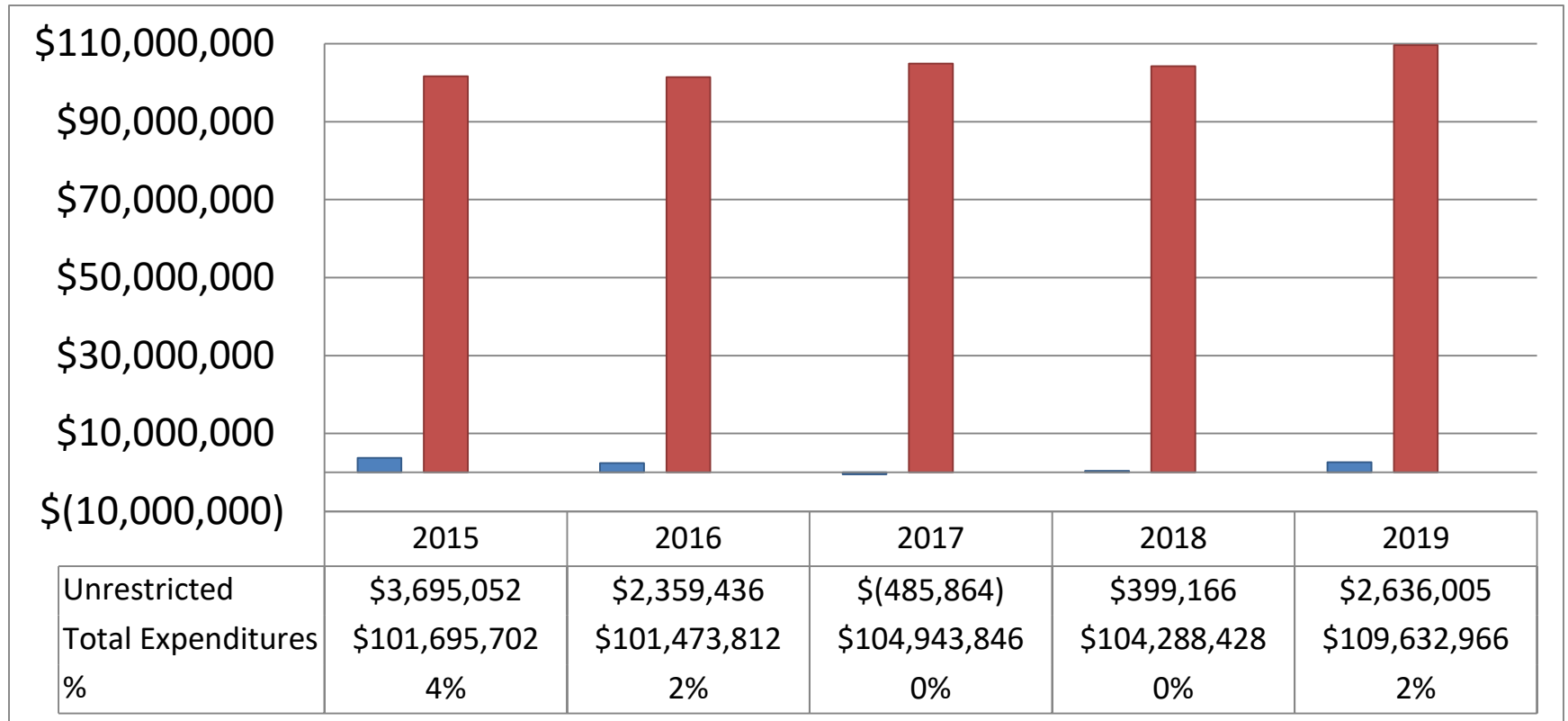
	<u>June 30, 2018</u>	<u>Change</u>	<u>June 30, 2019</u>
Nonspendable			
Inventory	\$ 57,652	(1,463)	\$ 56,189
Prepayments	178,895	(56,732)	122,163
Restricted for:			
Staff development	12,479	9,705	22,184
Teacher development & evaluation	75,636	(28,501)	47,135
Operating capital		57,718	57,718
Bond refunding		4,668	4,668
ALC	342,059	(175,610)	166,449
LTFM	343,062	505,704	848,766
Medical assistance		439,848	439,848
Assigned			
Textbooks		410,610	410,610
Equipment		500,000	500,000
Student activities		1,036,883	1,036,883
Unassigned	<u>399,166</u>	<u>289,346</u>	<u>688,512</u>
 Total	 <u><u>\$ 1,408,949</u></u>	 <u><u>\$ 2,992,176</u></u>	 <u><u>\$ 4,401,125</u></u>

General Fund - Unassigned Balance



General Fund

Unrestricted Fund Balance as a % of Expenditures



Food Service Fund

Results of Operation and Fund Balances

Results of Operation	Budget	Final	Over (Under) Budget
Revenues	\$ 4,118,820	\$ 4,352,279	\$ 233,459
Expenditures	4,258,981	4,175,542	(83,439)
Net change in fund balance	\$ (140,161)	176,737	\$ 150,020
Fund balance, June 30, 2018		973,719	
Fund balance, June 30, 2019		\$ 1,150,456	
 Fund Balance			
Nonspendable			
Inventory		\$ 92,232	
Prepayments		1,008	
Restricted		1,057,216	
Total		\$ 1,150,456	

Community Service Fund

Results of Operation and Fund Balances

Results of Operation	Budget	Final	Over (Under) Budget
Revenues	\$ 7,468,254	\$ 8,020,062	\$ 551,808
Expenditures	7,756,239	7,974,969	(218,730)
Net change in fund balance	\$ (287,985)	45,093	\$ 333,078
Fund balance, June 30, 2018		1,227,352	
Fund balance, June 30, 2019		\$ 1,272,445	
 Fund Balance			
Nonspendable			
Prepayments		\$ 2,763	
Restricted			
Community education		919,855	
Early childhood family education		103,488	
School readiness		79,941	
Adult basic education		163,480	
Community service		2,918	
Total		\$ 1,272,445	

Capital Projects Fund

Results of Operation and Fund Balance

Results of Operation	Budget	Final	Over (Under) Budget
Revenues	\$	\$ 12,016	\$ 12,016
Expenditures	642,690	490,671	(152,019)
Excess (deficiency) of revenues over expenditures	\$ (642,690)	(478,655)	\$ (140,003)
Net change in fund balance	\$ (642,690)	(478,655)	\$ (140,003)
Fund balance, June 30, 2018		642,715	
Fund balance, June 30, 2019		\$ 164,060	
 Fund Balances			
Restricted			
LTFM		\$ 164,051	
Projects funded by COP		9	
Total		\$ 164,060	

Debt Service Fund

Results of Operation and Fund Balance

Results of Operation	Budget	Final	Over (Under) Budget
Revenues	\$ 22,306,905	\$ 20,115,795	\$ (2,191,110)
Expenditures	21,077,671	21,614,906	(537,235)
Excess (deficiency) of revenues over expenditures	1,229,234	(1,499,111)	(2,728,345)
Other financing sources (uses)			
Issuance of bonds		44,425,000	44,425,000
Principal refunding payments from escrow	(77,165,000)	(125,690,000)	(48,525,000)
Interest refunding payments from escrow		(4,305,094)	4,305,094
Premium on bonds		5,239,444	(5,239,444)
Other financing sources (uses)	(77,165,000)	(80,330,650)	(5,034,350)
Net change in fund balance	\$ (75,935,766)	(81,829,761)	\$ (7,762,695)
Fund balance, June 30, 2018		84,715,346	
Fund balance, June 30, 2019		\$ 2,885,585	
Fund Balances			
Restricted			
Bond refunding		6,744	
Debt service		2,878,941	
Total		\$ 2,885,685	

Outstanding Debt

<u>G.O. Bonds</u>	<u>Balance</u> <u>06/30/18</u>	<u>New</u> <u>Debt</u>	<u>Refunded</u>	<u>Principal</u> <u>Paid</u>	<u>Balance</u> <u>06/30/19</u>
\$44,320,000 G.O. Refunding Bonds, Series 2015B	\$ 43,730,000			\$ 3,605,000	\$ 40,125,000
\$3,640,000 G.O. Taxable Facilities Maintenance Bonds, Series 2017A	2,885,000			690,000	2,195,000
\$615,000 G.O. Taxable Capital Facilities Bonds, Series 2017B	485,000			115,000	370,000
Total G.O. Bonds	47,100,000			4,410,000	42,690,000
<u>Certificates of Participation</u>					
\$111,440,000 Full Term Certificates of Participation, Series 2008B	77,165,000		77,165,000		
\$71,170,000 Full Term Certificates of Participation, Series 2009A	49,400,000		45,590,000	3,810,000	
\$5,000,000 Full Term Refunding Certificates of Participation, Series 2010C	3,215,000		2,935,000	280,000	
\$12,800,424.50 Full Term Capital Appreciation C.O.P., Series 2012A	12,800,425				12,800,425
\$82,605,000 Certificates of Participation, Series 2016A	73,275,000			5,200,000	68,075,000
\$41,715,000 Full Term Refunding Certificates of Participation, Series 2019B		41,715,000			41,715,000
\$2,710,000 Full Term Refunding Certificates of Participation, Series 2019C		2,710,000			2,710,000
\$35,400,000 US Bank Lease Purchase funded by COP, Series 2009B	25,520,000		23,900,000	1,620,000	
\$1,650,000 Full Term Refunding Certificates of Participation, Series 2010D	1,055,000			70,000	985,000
\$6,340,000 Certificates of Participation, Series 2012B	5,000,000			285,000	4,715,000
\$24,130,000 Refunding Certificates of Participation, Series 2019A		24,130,000			24,130,000
Total Certificates of Participation	247,430,425 #	68,555,000 #	149,590,000 #	11,265,000 #	155,130,425
Total Debt Outstanding	\$ 294,530,425	\$ 68,555,000	\$ 149,590,000	\$ 15,675,000	\$ 197,820,425

Thank you for your time

WIPFLIⁱ LLP
CPAs and Consultants

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MEMO

To: School Board Members

From: Cathy Erickson, CFO

Date: December 17, 2019

Re: FY19 Audit Review

Greetings Board Members,

At last week's business committee, our auditors, Wipfli, presented the audit summary. As you may have noticed, the district had a fund balance increase, and this is great news! But I wanted to follow up on a few items to give a better perspective of what impacted these totals and what they mean moving forward.

On page 4 of the summary handout (which is attached), first noted is that the district received approximately \$1.1 million more in general fund revenues than budgeted. Two main factors that account for this variance are: 1. a one-time prior year back payment of over \$500,000 in state special education revenue - this was the result of the legislature opting to fund the proration gap from FY18. This was unplanned so there would have been no way for the district to budget for this. The other revenue increase is higher final pupil counts than the estimates used in the FY19 budget. The increase in pupil units equated to about \$350,000 in revenues spread over several funding categories. In a general fund budget of over \$100 million, this variance very reasonable. There are many other line items that saw variances, both higher and lower, and we will be focusing on reviewing and editing the FY20 budget based on impacts and trends we saw from this audit report.

Also on page 4 you will see that actual expenses were less than budgeted. Two important notes, the first would be that our Capital budget (for building repairs and deferred maintenance) runs through the LTFM reserve - so if we budget a project and for whatever reason do not complete that, it's sitting in our reserve and not a windfall to the district. Of the approximate \$1.5 million of "unspent budget", over \$700,000 was related to estimated projects that did not get completed or may be deferred to FY20 (this is very common for districts - we are required to submit plans to the state in order to get revenue authority, but often times project timing gets off or other projects/needs replace what was initially planned). In addition, in the curriculum department, part of the annual textbook cycle budget was unspent in order to utilize those funds in FY20 and FY21. Those unspent funds are in the textbook reserve and will

have a planned spend down in the future. There were several areas of our expense side budget where costs exceeded our budgets and as part of our review for FY20 we will dig more into those to make sure our FY20 budget accounts for any needed adjustments. So it's important to note that the majority of those expense budgets not spent will be spent this year.

A last note on page 4 -you will see under other financing sources, a surplus of about \$385,000. The 2 factors there would be the sale of the first parcel of Hartley property selling for slightly higher than budgeted, and the refunding/restructuring of debt this past spring. Of note, the timing of the refunding and impacts fall within both FY19 and FY20, so that surplus will be "spent" when the new bond schedule payments start in FY20. Also, part of the proceeds of the sale of the Hartley property will be used for the required local match for the COPS grant that is providing increased security measures in our school buildings, and this cost is in FY20.

On page 5 of the audit summary, you will see the ending FY19 fund balances. The district is required to carry several reserve balances, and then may also opt to create assigned fund balances to locally track funds that may have specific purposes or intent. In past years these amounts would have been a part of the unreserved fund balance and tracked internally in the finance department.

The LTFM reserve fund balance is more of a holding account due to the timing of revenue compared to when project costs are reported. Because so much of our LTFM is levy, we are predicting a year in advance what we think we might need, and then MDE will also include adjustments from prior years when they compare requested revenue to actual costs, so when there is a reserve we can expect either more expenses coming or a levy adjustment to recapture those unspent funds.

Also new is the reserve for medical assistance, which is a component of special education funding. Because this revenue runs in tandem to special education state funding, the district opted to reserve part of this revenue in order to maximize state special education revenue, and in order to do that we needed to show more expenses in our state special education cost category and less in medical assistance. It is important to note that we have already spent this reserve in FY20 due to the high special education needs we are seeing throughout the district.

The reduction of the area learning center (ALC) fund balance was planned...they used reserves to purchase chrome carts for School Within A School programs (under ALC) in both high schools.

I hope this gives a little better perspective on the results of FY19 and we look forward to further discussions on this as we begin to review FY20 and start planning for the FY21 budget process.

Finally, I want to share my deep gratitude and appreciation for Peggy Blalock, our finance director, and her team for all of the work that was done to complete the FY19 audit process.

Percent of year **33.33%**

**General Fund
Oct-19**

	FY20 Actual	FY 20 Budget		Revised Budget Balance	Percent Budget Remaining
		Adopted	Revised		
Revenues					
Levy	\$ -	\$ 18,094,028	\$ 18,094,028	\$ 18,094,028	100%
State aids	24,423,098	69,862,620	69,985,416	45,562,318	65%
Special ED (fin 740)	2,161,845	13,955,922	13,955,922	11,794,077	85%
Federal	791,823	5,812,924	6,300,438	5,508,615	87%
Other	36,683	-	141,122	104,439	74%
Other Local	661,439	3,267,468	3,395,512	2,734,073	81%
Student Activities	300,021	1,419,021	1,419,021	1,119,000	79%
Total Revenue	\$ 28,374,909	\$ 112,411,983	\$ 113,291,459	\$ 84,916,550	75%
Expenditures					
010-050 Administration	\$ 1,255,034	\$ 5,430,487	\$ 5,442,487	\$ 4,187,453	77%
105-110 District Support Services	2,063,008	5,522,790	5,569,885	3,506,877	63%
200-298 Elem & Secondary Reg	7,573,387	44,450,886	44,683,824	37,110,437	83%
300-380 Vocational Education	249,834	1,656,336	1,656,336	1,406,502	85%
400-422 Special Education	4,318,306	24,295,216	24,612,069	20,293,763	82%
505-590 Community Education					
605-640 Instructional Support	807,304	4,392,611	4,477,308	3,670,004	82%
710-770 Pupil Support	1,845,708	7,950,242	8,061,824	6,216,116	77%
805-865 Sites and Buildings	2,852,695	13,434,269	13,610,715	10,758,020	79%
910-940 Fiscal & Other Fixed	551,620	3,363,554	3,363,554	2,811,934	84%
Student Activities	155,567	1,419,021	1,419,021	1,263,454	89%
Total Expenditures	\$ 21,672,463	\$ 111,915,412	\$ 112,897,023	\$ 91,224,560	81%
Excess Rev Over (Under)	\$ 6,702,446	\$ 496,571	\$ 394,436	\$ (6,308,010)	

		Percent of year			33.33%	
		General Fund Unrestricted				
		Oct-19				
		FY20	FY 20 Budget		Revised	Percent
		Actual	Adopted	Revised	Budget	Budget
					Balance	Remaining
Revenues						
Levy	\$	-	\$ 13,865,066	\$ 13,865,066	\$ 13,865,066	100%
State aids		24,186,145	59,677,472	59,677,472	35,491,327	59%
Special ED (fin 740)		2,161,845	13,955,922	13,955,922	11,794,077	85%
Federal		-	-	-	-	
Other		36,683	-	141,122	104,439	74%
Other Local		494,613	2,430,255	2,430,255	1,935,642	80%
Student Activities		300,021	1,419,021	1,419,021	1,119,000	79%
<hr/>						
Total Revenue	\$	27,179,307	\$ 91,347,736	\$ 91,488,858	\$ 64,309,551	70%
<hr/>						
Expenditures						
010-050 Administration	\$	1,255,034	\$ 5,430,487	\$ 5,430,487	\$ 4,175,453	77%
105-110 District Support Services		2,063,008	5,382,790	5,382,790	3,319,782	62%
200-298 Elem & Secondary Reg		5,702,891	32,574,725	32,574,725	26,871,834	82%
300-380 Vocational Education		240,671	1,504,853	1,504,853	1,264,182	84%
400-422 Special Education		3,768,728	21,355,799	21,358,068	17,589,340	82%
505-590 Community Education						
605-640 Instructional Support		360,828	1,905,429	1,905,429	1,544,601	81%
710-770 Pupil Support		1,761,806	7,950,242	7,986,925	6,225,119	78%
805-865 Sites and Buildings		1,947,210	9,722,794	9,827,233	7,880,023	80%
910-940 Fiscal & Other Fixed		551,620	3,363,554	3,363,554	2,811,934	84%
Student Activities		155,567	1,419,021	1,419,021	1,263,454	89%
<hr/>						
Total Expenditures	\$	17,807,363	\$ 90,609,694	\$ 90,753,085	\$ 72,945,722	80%
<hr/>						
Excess Rev Over (Under)	\$	9,371,944	\$ 738,042	\$ 735,773	\$ (8,636,171)	

		Percent of year			33.33%
		General Fund Restricted			
		Oct-19			
	FY20	FY 20 Budget		Revised	Percent
	Actual	Adopted	Revised	Budget	Budget
				Balance	Remaining
Revenues					
Levy	\$ -	\$ 4,228,962	\$ 4,228,962	\$ 4,228,962	100%
State aids	236,953	10,185,148	10,307,944	10,070,991	98%
Special ED (fin 740)	-	-	-	-	
Federal	791,823	5,812,924	6,300,438	5,508,615	87%
Other	-	-	-	-	
Other Local	166,826	837,213	965,257	798,431	83%
Student Activities	-	-	-	-	
Total Revenue	\$ 1,195,602	\$ 21,064,247	\$ 21,802,601	\$ 20,606,999	95%
Expenditures					
010-050 Administration	\$ -	\$ -	\$ 12,000	\$ 12,000	100%
105-110 District Support Services	-	140,000	187,095	187,095	100%
200-298 Elem & Secondary Reg	1,870,496	11,876,161	12,109,099	10,238,603	85%
300-380 Vocational Education	9,163	151,483	151,483	142,320	94%
400-422 Special Education	549,578	2,939,417	3,254,001	2,704,423	83%
505-590 Community Education					
605-640 Instructional Support	446,476	2,487,182	2,571,879	2,125,403	83%
710-770 Pupil Support	83,902	-	74,899	(9,003)	-12%
805-865 Sites and Buildings	905,485	3,711,475	3,783,482	2,877,997	76%
910-940 Fiscal & Other Fixed	-	-	-	-	
Student Activities					
Total Expenditures	\$ 3,865,100	\$ 21,305,718	\$ 22,143,938	\$ 18,278,838	83%
Excess Rev Over (Under)	\$ (2,669,498)	\$ (241,471)	\$ (341,337)	\$ 2,328,161	

Percent of year **33.33%**

**Food Service Fund
Oct-19**

	FY20 Actual	FY 20 Budget		Revised Budget Balance	Percent Budget Remaining
		Adopted	Revised		
Revenues					
Levy	\$ -	\$ -	\$ -	\$ -	
State aids	26,760	232,000	232,000	205,240	88%
Special ED (fin 740)	-	-	-	-	
Federal	387,786	2,674,000	2,679,770	2,291,984	86%
Other	242,972	8,000	1,400,800	1,157,828	83%
Other Local	8,213		12,500	4,287	34%
Student Activities	-	-	-	-	
Total Revenue	\$ 665,731	\$ 2,914,000	\$ 4,325,070	\$ 3,659,339	85%
Expenditures					
010-050 Administration	\$ -	\$ -	\$ -	\$ -	
105-110 District Support Services	-	-	-	-	
200-298 Elem & Secondary Reg	-	-	-	-	
300-380 Vocational Education	-	-	-	-	
400-422 Special Education	-	-	-	-	
505-590 Community Education	-	-	-	-	
605-640 Instructional Support	-	-	-	-	
710-770 Pupil Support	671,424	4,315,142	4,325,412	3,653,988	84%
805-865 Sites and Buildings	-	-	-	-	
910-940 Fiscal & Other Fixed	-	-	-	-	
Student Activities	-	-	-	-	
Total Expenditures	\$ 671,424	\$ 4,315,142	\$ 4,325,412	\$ 3,653,988	84%
Excess Rev Over (Under)	\$ (5,693)	\$ (1,401,142)	\$ (342)	\$ 5,351	

Percent of year **33.33%**

**Community Service Fund
Oct-19**

	FY20 Actual	FY 20 Budget		Revised Budget Balance	Percent Budget Remaining
		Adopted	Revised		
Revenues					
Levy	\$ -	\$ 967,904	\$ 967,904	\$ 967,904	100%
State aids	1,012,552	2,554,075	2,554,075	1,541,523	60%
Special ED (fin 740)	-	-	-	-	
Federal	1,165,952	2,048,958	2,048,958	883,006	43%
Other	-	-	-	-	
Other Local	754,814	1,992,063	1,997,063	1,242,249	62%
Student Activities	-	-	-	-	
Total Revenue	\$ 2,933,318	\$ 7,563,000	\$ 7,568,000	\$ 4,634,682	61%
Expenditures					
010-050 Administration	\$ -	\$ -	\$ -	\$ -	
105-110 District Support Services	-	-	-	-	
200-298 Elem & Secondary Reg	-	-	-	-	
300-380 Vocational Education	-	-	-	-	
400-422 Special Education	-	-	-	-	
505-590 Community Education	1,557,776	7,789,371	7,794,371	6,236,595	80%
605-640 Instructional Support	-	-	-	-	
710-770 Pupil Support	-	-	-	-	
805-865 Sites and Buildings	-	-	-	-	
910-940 Fiscal & Other Fixed Student Activities	-	-	-	-	
Total Expenditures	\$ 1,557,776	\$ 7,789,371	\$ 7,794,371	\$ 6,236,595	80%
Excess Rev Over (Under)	\$ 1,375,542	\$ (226,371)	\$ (226,371)	\$ (1,601,913)	

Percent of year **33.33%**

**Capital Projects Fund
Oct-19**

	FY20 Actual	FY 20 Budget		Revised Budget Balance	Percent Budget Remaining
		Adopted	Revised		
Revenues					
Levy	\$ -	\$ -	\$ -	\$ -	
State aids	-	-	-	-	
Special ED (fin 740)	-	-	-	-	
Federal	-	-	-	-	
Sales	-	-	-	-	
Other Local	-	-	-	-	
Student Activities	-	-	-	-	
Total Revenue	\$ -	\$ -	\$ -	\$ -	
Expenditures					
010-050 Administration	\$ -	\$ -	\$ -	\$ -	
105-110 District Support Services	-	-	-	-	
200-298 Elem & Secondary Reg	-	-	-	-	
300-380 Vocational Education	-	-	-	-	
400-422 Special Education	-	-	-	-	
505-590 Community Education	-	-	-	-	
605-640 Instructional Support	-	-	-	-	
710-770 Pupil Support	-	-	-	-	
805-865 Sites and Buildings	7,599	-	122,631	115,032	94%
910-940 Fiscal & Other Fixed Student Activities	-	-	-	-	
Total Expenditures	\$ 7,599	\$ -	\$ 122,631	\$ 115,032	94%
Excess Rev Over (Under)	\$ (7,599)	\$ -	\$ (122,631)	\$ (115,032)	

Percent of year **33.33%**

**Debt Service Fund
Oct-19**

	FY20 Actual	FY 20 Budget		Revised Budget Balance	Percent Budget Remaining
		Adopted	Revised		
Revenues					
Levy	\$ -	\$ 19,509,440	\$ 19,509,440	\$ 19,509,440	100%
State aids	1,330,676	2,194,363	2,194,363	863,687	39%
Special ED (fin 740)	-	-	-	-	
Federal	-	-	-	-	
Other	-	-	-	-	
Other Local	-	10,000	10,000	10,000	100%
Student Activities	-	-	-	-	
Total Revenue	\$ 1,330,676	\$ 21,713,803	\$ 21,713,803	\$ 20,383,127	94%
Expenditures					
010-050 Administration	\$ -	\$ -	\$ -	\$ -	
105-110 District Support Services	-	-	-	-	
200-298 Elem & Secondary Reg	-	-	-	-	
300-380 Vocational Education	-	-	-	-	
400-422 Special Education	-	-	-	-	
505-590 Community Education	-	-	-	-	
605-640 Instructional Support	-	-	-	-	
710-770 Pupil Support	-	-	-	-	
805-865 Sites and Buildings	-	-	-	-	
910-940 Fiscal & Other Fixed Student Activities	2,302,579	20,744,824	20,744,824	18,442,245	89%
Total Expenditures	\$ 2,302,579	\$ 20,744,824	\$ 20,744,824	\$ 18,442,245	89%
Excess Rev Over (Under)	\$ (971,903)	\$ 968,979	\$ 968,979	\$ 1,940,882	

Percent of year **33.33%**

**Trust Fund
Oct-19**

	FY20 Actual	FY 20 Budget		Revised Budget Balance	Percent Budget Remaining
		Adopted	Revised		
Revenues					
Levy	\$ -	\$ -	\$ -	\$ -	
State aids	-	-	-	-	
Special ED (fin 740)	-	-	-	-	
Federal	-	-	-	-	
Other	-	-	-	-	
Other Local	-	252,950	252,950	252,950	100%
Student Activities	-	-	-	-	
Total Revenue	\$ -	\$ 252,950	\$ 252,950	\$ 252,950	100%
Expenditures					
010-050 Administration	\$ -	\$ -	\$ -	\$ -	
105-110 District Support Services	-	-	-	-	
200-298 Elem & Secondary Reg	-	250,000	250,000	250,000	100%
300-380 Vocational Education	-	-	-	-	
400-422 Special Education	-	-	-	-	
505-590 Community Education	-	-	-	-	
605-640 Instructional Support	-	-	-	-	
710-770 Pupil Support	-	-	-	-	
805-865 Sites and Buildings	-	-	-	-	
910-940 Fiscal & Other Fixed	-	-	-	-	
Student Activities	-	-	-	-	
Total Expenditures	\$ -	\$ 250,000	\$ 250,000	\$ 250,000	100%
Excess Rev Over (Under)	\$ -	\$ 2,950	\$ 2,950	\$ 2,950	

Percent of year **33.33%**

**Dental Internal Service Fund
Oct-19**

	FY20 Actual	FY 20 Budget		Revised Budget Balance	Percent Budget Remaining
		Adopted	Revised		
Revenues					
Levy	\$ -	\$ -	\$ -	\$ -	
State aids	-	-	-	-	
Special ED (fin 740)	-	-	-	-	
Federal	-	-	-	-	
Other	-	-	-	-	
Other Local	389,692	878,400	878,400	488,708	56%
Student Activities	-	-	-	-	
Total Revenue	\$ 389,692	\$ 878,400	\$ 878,400	\$ 488,708	56%
Expenditures					
010-050 Administration	\$ -	\$ -	\$ -	\$ -	
105-110 District Support Services	-	-	-	-	
200-298 Elem & Secondary Reg	-	-	-	-	
300-380 Vocational Education	-	-	-	-	
400-422 Special Education	-	-	-	-	
505-590 Community Education	-	-	-	-	
605-640 Instructional Support	-	-	-	-	
710-770 Pupil Support	-	-	-	-	
805-865 Sites and Buildings	-	-	-	-	
910-940 Fiscal & Other Fixed Student Activities	64,421	878,400	878,400	813,979	93%
Total Expenditures	\$ 64,421	\$ 878,400	\$ 878,400	\$ 813,979	93%
Excess Rev Over (Under)	\$ 325,271	\$ -	\$ -	\$ (325,271)	

Duluth Public Schools
Budget Revisions Fiscal Year Ending June 30, 2020
Period Ending October 31, 2019

	<u>General-U</u>	<u>General-R</u>	<u>Food Service</u>	<u>Transport</u>	<u>Community Services</u>	<u>Capital Expenditure</u>	<u>Building Construction</u>	<u>Debt Service</u>	<u>Trust</u>	<u>Internal Service</u>	<u>Student Activities</u>	<u>Total</u>
Revenues												
Revised Budget 09/30/19	\$79,574,605	\$17,868,160	\$4,319,300	\$5,934,036	\$7,563,000	\$8,275,940	\$0	\$21,713,803	\$252,950	\$878,400	\$1,419,021	\$147,799,215
Title III		11,741										11,741
ECSE		39,514										39,514
Pathways2Teaching		7,500										7,500
School Safety Grant		70,981										70,981
McKinney Vento Adj		(10,000)										(10,000)
Sources of Strength		74,899										74,899
Federal Indian Ed Adj		25,062										25,062
Fruit & Veg Grant			5,770									5,770
ECFE Northland Found.					5,000							5,000
												-
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Revised Budget, 10/31/19	\$79,574,605	\$18,087,857	\$4,325,070	\$5,934,036	\$7,568,000	\$8,275,940	\$0	\$21,713,803	\$252,950	\$878,400	\$1,419,021	\$148,029,682

**ISD #709 - Duluth Public Schools
ACH & Wire Transfer Summary
Period Ending 10/31/2019**

<u>CHECK DATE</u>	<u>VENDOR ID</u>	<u>DESCRIPTION</u>	<u>MSDLFA</u>
10/01/2019	V110207	ALL-LINES LEASING (EFT)	79,438.99
10/04/2019	V109781	AFSCME MN COUNCIL 5 EFT	11,063.20
10/04/2019	V79764	DULUTH FEDERATION OF TEA	34,908.64
10/04/2019	V106637	EBC - FLEX EFT	9,246.21
10/04/2019	V106636	EBC - TSA EFT	58,411.44
10/04/2019	V79771	EDUCATION MN CLERICAL EFT	838.22
10/04/2019	V102915	FEDERAL 941 PR TAXES	587,737.61
10/04/2019	V107231	HARBOR POINTE CREDIT UNION	6,306.00
10/04/2019	V108066	MG TRUST	141,669.17
10/04/2019	V05173	MN CHILD SUPPORT EFT	1,414.84
10/04/2019	V108320	MN DEPT OF REVENUE EFT	812.85
10/04/2019	V102916	MN STATE PR TAXES	103,858.97
10/04/2019	V79708	PUBLIC EMPLOYEES RETIREMENT	102,293.95
10/04/2019	V108783	TEACHERS RETIREMENT ASSOC EFT	282,899.97
10/04/2019	V79704	U S BANK - PY DIRECT DEPOSIT	1,678,878.68
10/18/2019	V106466	CITISTREET FOR MSRS	314,834.99
10/18/2019	V79764	DULUTH FEDERATION OF TEA	35,056.51
10/18/2019	V106637	EBC - FLEX EFT	9,246.21
10/18/2019	V106636	EBC - TSA EFT	57,148.52
10/18/2019	V79771	EDUCATION MN CLERICAL EFT	838.22
10/18/2019	V102915	FEDERAL 941 PR TAXES	602,806.59
10/18/2019	V107231	HARBOR POINTE CREDIT UNION	6,306.00
10/18/2019	V108066	MG TRUST	133,196.95
10/18/2019	V05173	MN CHILD SUPPORT EFT	1,414.84
10/18/2019	V108320	MN DEPT OF REVENUE EFT	1,019.45
10/18/2019	V102916	MN STATE PR TAXES	106,932.77
10/18/2019	V79708	PUBLIC EMPLOYEES RETIREMENT	103,460.18
10/18/2019	V108783	TEACHERS RETIREMENT ASSOC EFT	289,789.89
10/18/2019	V79704	U S BANK - PY DIRECT DEPOSIT	1,738,269.30
10/29/2019	V06645	MEDICA HEALTH PLAN (EFT)	169,796.50
10/29/2019	V106638	PEIP - HLTH EFT	1,530,603.68
10/30/2019	V80030	DELTA DENTAL PLAN OF MN(EFT)	48,977.20
10/30/2019	V104923	HARRIS BANK	25,091.02
10/30/2019	V100499	MN DEPT OF REVENUE EFT	46.00
			8,274,613.56

ISD 709 - Duluth Public Schools
GF Investment Activity for FY20
As of October 31, 2019

Beginning Investment Balance (September 30, 2019) \$ 1,959,410.33

Add Purchases:

Date	Issuer	Broker	Matures	Yield (YTM)	
10/7/2019	Wells Fargo Bank Sioux Falls SD	MBS	12/31/2020	2.00%	\$ 245,000.00
10/15/2019	First Svgs Bk Clarksville IND	MBS	1/15/2020	1.90%	\$ 248,000.00
10/25/2019	MN Trust Term Series	MNT	11/25/2019	1.75%	\$ 15,000,000.00
Total Purchases					\$ 15,493,000.00

Deduct Maturities/Calls/Sales:

Date	Issuer	Broker	Matures	Yield (YTM)	
10/16/2019	Veritex Community Bank	MBS	10/16/2019	1.90%	\$ 249,000.00
Total Maturities					\$ 249,000.00

Other items:

Add:	Money Market Funds Interest				\$ 95.25
	Beginning Value Adjustment				
	Service Charge Fee Reversed				\$ 75.00
Deduct:	Transaction Fees/Service Charge/Other				
	Market Value Adjustment-Adjust for Cost Basis				
	Other Interest/Cash Balance on Account (Reverse)				
Total Other					\$ 170.25

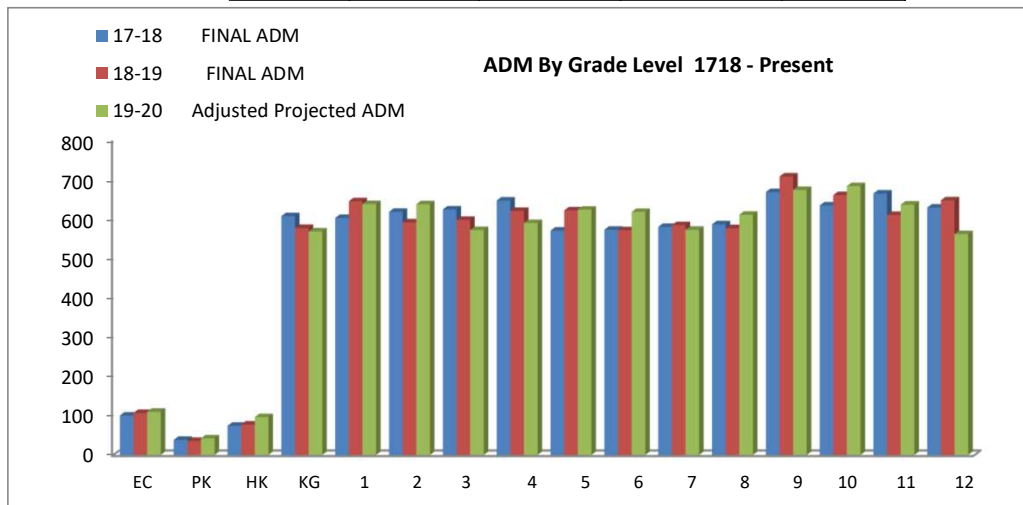
Ending Investment Balance (October 31, 2019) \$ 17,203,580.58

Note: Ending Investment Balance as of October 31, 2018 was \$16,114,656.04

**Duluth Public Schools Projected Average Daily Membership (ADM) Report
December 2019**

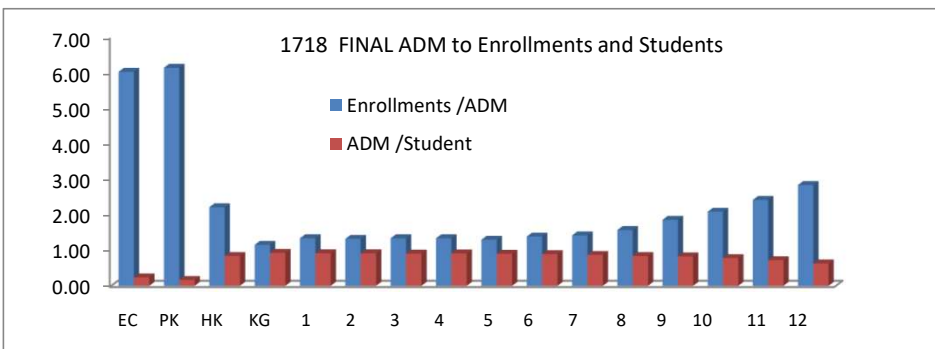
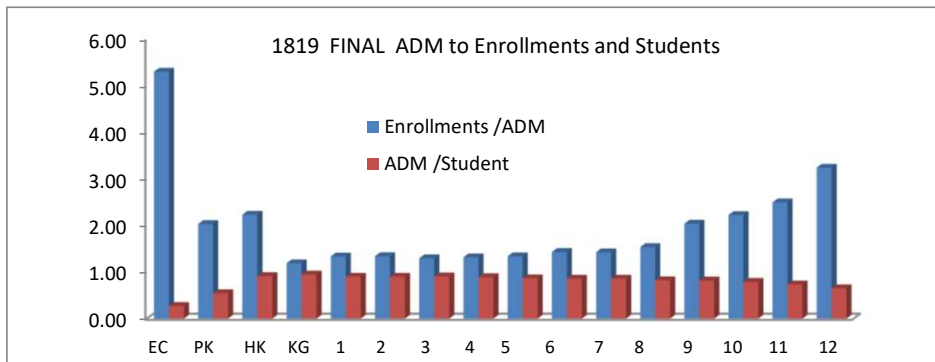
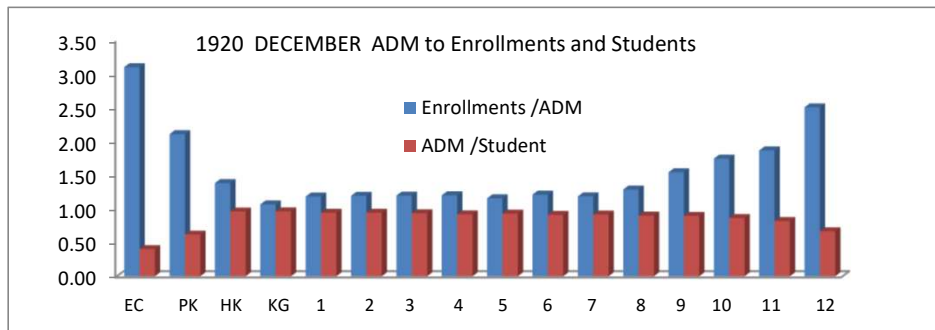
Grade	Total Number of Enrollments	Unique Student Count	Current Enrollments	Projected ADM	Budgeted ADM	Enrollments /ADM	ADM /Student
EC	341	272	240	109.75	50.00	3.11	0.40
PK	89	68	64	42.15	47.12	2.11	0.62
HK	133	100	95.27	96.09	70.00	1.38	0.96
KG	606	589	572	567.98	554.00	1.07	0.96
1	755	677	643.6	637.76	640.00	1.18	0.94
2	761	676	643	637.17	616.00	1.19	0.94
3	685	612	577	571.77	590.00	1.20	0.93
4	709	641	600.76	589.66	574.00	1.20	0.92
5	722	671	635.32	623.58	608.00	1.16	0.93
6	749	677	629.25	617.62	592.00	1.21	0.91
7	691	635	601.08	582.25	585.00	1.19	0.92
8	800	688	640.7	620.63	588.00	1.29	0.90
9	1056	762	724.55	683.63	670.00	1.54	0.90
10	1212	801	734.958	693.45	703.00	1.75	0.87
11	1222	797	692.75	653.63	632.00	1.87	0.82
12	1531	914	646.35	609.85	597.00	2.51	0.67
Total:	12062	9580	8740.59	8336.96	8116.12	1.45	0.91

GRADE	17-18 FINAL ADM	18-19 FINAL ADM	19-20 Adjusted	Expected Attrition
EC	100.31	106.79	109.75	
PK	38.4	35.96	42.15	
HK	74.02	77.53	96.09	
KG	607.06	576.74	567.98	
1	602.43	644.98	637.76	
2	617.88	591.03	637.17	
3	624.05	597.55	571.77	
4	646.85	620.48	589.66	
5	570.25	621.52	623.58	
6	572.48	571.29	617.62	
7	579.71	584.07	572.25	-10.00
8	586.18	576.28	610.63	-10.00
9	668.14	707.65	673.63	-10.00
10	634.02	660.55	683.45	-10.00
11	664.72	609.9	636.15	-17.48
12	628.87	647.15	561.21	-48.64
Total:	8215.37	8229.47	8230.84	-106.12



**Duluth Public Schools: Enrollments, Students and Projected Average Daily Membership (ADM)
December 2019**

Grade	Total Number of Enrollments	Unique Student Count	Current Enrollments	Projected Adjusted ADM	Budgeted ADM	Enrollments /ADM	ADM /Student
EC	341	272	240	109.75	50.00	3.11	0.40
PK	89	68	64	42.15	47.12	2.11	0.62
HK	133	100	95.27	96.09	70.00	1.38	0.96
KG	606	589	572	567.98	554.00	1.07	0.96
1	755	677	643.6	637.76	640.00	1.18	0.94
2	761	676	643	637.17	616.00	1.19	0.94
3	685	612	577	571.77	590.00	1.20	0.93
4	709	641	600.76	589.66	574.00	1.20	0.92
5	722	671	635.32	623.58	608.00	1.16	0.93
6	749	677	629.25	617.62	592.00	1.21	0.91
7	691	635	601.08	572.25	585.00	1.19	0.92
8	800	688	640.7	610.63	588.00	1.29	0.90
9	1056	762	724.55	673.63	670.00	1.54	0.90
10	1212	801	734.958	683.45	703.00	1.75	0.87
11	1222	797	692.75	636.15	632.00	1.87	0.82
12	1531	914	646.35	561.21	597.00	2.51	0.67
Total:	12062	9580	8740.59	8230.84	8116.12	1.45	0.91



Fundraisers – November 2019

School	Organization Fundraising	Estimated Profit	Description of Fundraiser
East	Dance Team	\$200.00	Poinsettia sales through Engwall Florist
Lester Park	School-wide	\$2,000.00	Cherrydale
Ordean-East	Science Fair Club	\$600.00	Selling MN Weather Guide Calendars

Business Committee – December 10, 2019

Finance Education – 1. H.

ISD #709 – Property Tax Levy and Truth in Taxation Review

School District Levy Review. The Department of Education (MDE) calculates the annual levies for school districts. Levy components may be voter approved, District opted, equalized by MDE calculations, or a statute based levy.

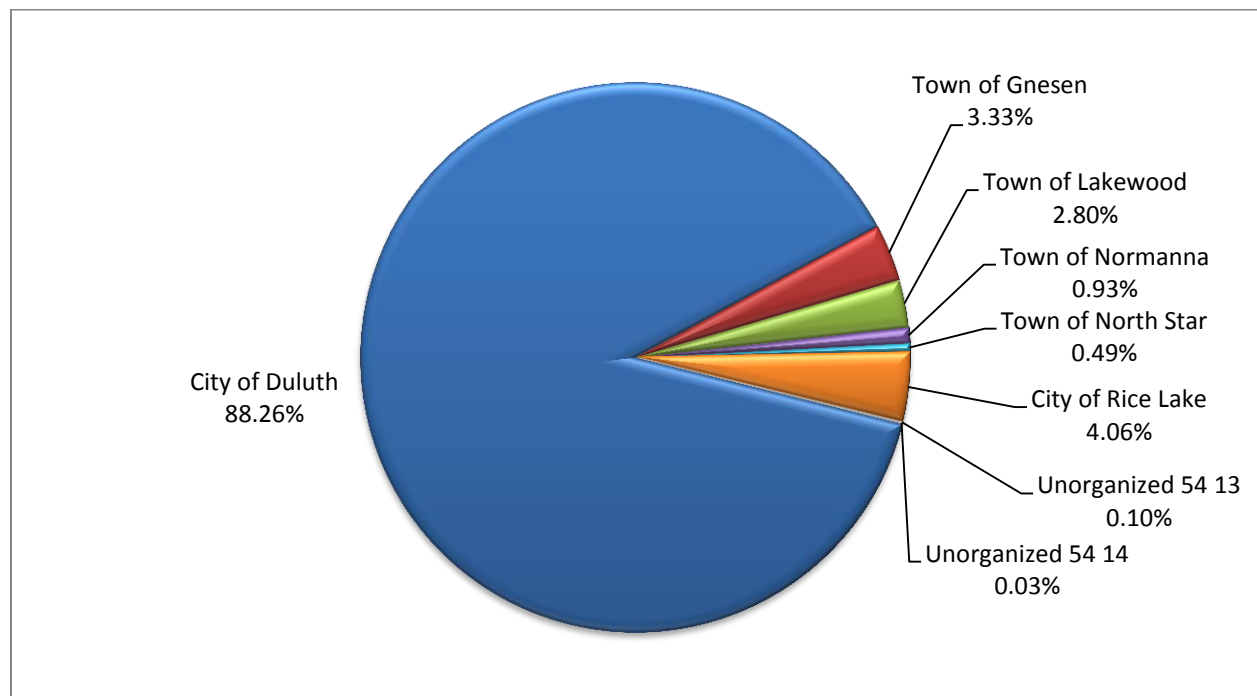
Once the levy items are determined, there are 2 potential tax bases that levies can be spread on: **Net Tax Capacity (NTC)** and **Referendum Market Value (RMV)**.

For NTC levies, each property takes its taxable market value times a state determined Class Rate, to calculate each property's NTC value. The classification of property matters and class rates range from .25% to 2.00%. To see the full class rate chart you can visit this site:

https://www.revenue.state.mn.us/sites/default/files/2019-06/taxcalcexam_classratesheet.pdf

According to the St Louis County Auditor's Office, the 2019 Taxable Market Value for ISD 709 is \$7,618,717,631. Taxable market value converted to Net Tax Capacity (NTC) is \$88,346,953. This represents approximately 1.16% of the Total Taxable Market Value (and you can relate that to the average class rate). ISD #709 has 2 cities, 4 townships, and 2 unorganized territories in the district lines.

This chart represents the percent of net tax capacity of the district's total net tax capacity.



Tax Rates

To determine the school district levy amount each property will pay, a tax rate is calculated. The initial rate takes the total levy needed per property tax base (NTC or RMV) and divides it by that tax base.

For example: On the Payable 2020 levy there is \$28,072,310 of NTC based levy. If we used the St. Louis County Estimated total district NTC of \$88,346,953 and divide that into the NTC based levy we would get an initial tax rate of .317751. It's important to note that NTC values are subject to change, which would mean the tax rate is also subject to change, so for this discussion this is an ESTIMATE and not the final tax rate.

Tax rates can also be adjusted by Disparity Reduction. Not every taxing entity receives this, but it would lower the tax rate and the District would receive state aid in replacement of taxes.

Sample NTC Properties

A Residential Homestead, with a taxable market value of \$150,000 after the homestead market value exclusion would have a class rate of 1% (for the first \$500K of value), meaning it's NTC rate is \$150,00 (1% of \$500,000).

$$\$1500 \times .317751 = \$476.63$$

Sample RMV Properties

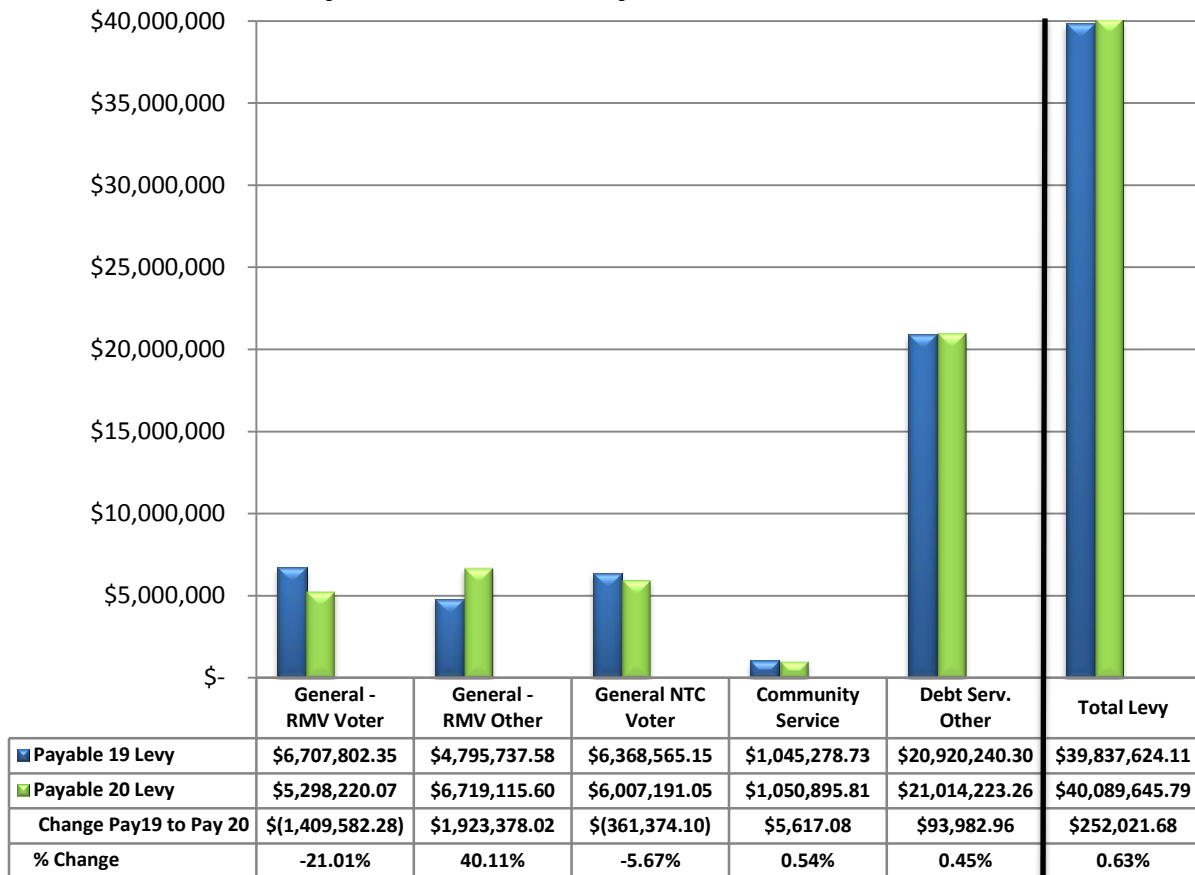
Referendum Market Value levies are calculated on the taxable market value and do not use the class rate process to adjust values. So in this case, the classification of property is not a factor. If both a commercial property and a homestead property have the same taxable market value, the school district portion of initial taxes would be the same. Residential properties do not receive the market value credit on RMV levies, so taxable market value will be the same as the assessed market value.

The estimated amount of RMV for the district is just over \$7.8 billion in property value. The estimated tax rate for the Payable 2020 levy is .0015283. A \$171,780 valued property (which would be comparable to a \$150,000 Res. Homestead with a market value exclusion) is estimated to pay approximately \$262 for RMV based levies in 2020.

Preview of Levy Comparison

The district is projecting a less than 1% increase in total levy changes for the Payable 2020 levy. There are many components of the levy, and several that are changing, but the overall impact is going to be minimal. And with projected growth in the tax base, stable valuations may see a slight decrease in the school district portion of property taxes in 2020.

Duluth Public Schools Tax Levy Comparison Payable 2019 to Payable 2020 Levies



More information and details on the levy certification will be presented next week at the Truth in Taxation hearing.

511 STUDENT FUNDRAISING

Changes made as a result of 12/10/19
Business Committee feedback in **GRAY**

I. PURPOSE

The purpose of this policy is to address student fundraising efforts **by students and employees of the Duluth Public Schools.**

II. GENERAL STATEMENT OF POLICY

The school board recognizes a desire and a need ~~by some student organizations~~ for fundraising. The school board also recognizes a need for some constraint to prevent fundraising activities from becoming too numerous and overly demanding on employees, students, and the general public. **All fundraising activities must be approved by both administration and the School Board before they begin.**

III. DEFINITION

A. Fundraising examples include, but are not limited to, grocery bagging for tips, gift and discount card sales, book fairs, food sales, plant sales, Box Tops for Education, and crowdfunding activities. Any activity for the purpose of raising funds for a club, team, or school is considered a fundraiser.

III. RESPONSIBILITY

A. The building administrators shall be responsible for developing recommendations to the superintendent that will result in a level of activity deemed acceptable by employees, parents, and students. Fundraising must be conducted in a manner that will not result in embarrassment on the part of individual students, employees, or the school.

B. All fundraising activities must be approved, in advance, by **both** the administration **and school board.** Participation in nonapproved activities shall be considered a violation of school district policy.

C. The superintendent shall be responsible for providing coordination of student fundraising throughout the school district as deemed appropriate.

D. The school district expects all students who participate in approved fundraising activities to represent the school, the student organization, and the community in a responsible manner. All rules pertaining to student conduct and student discipline extend to student fundraising activities.

E. The school district expects all employees who plan, supervise, coordinate, or participate in student fundraising activities to act in the best interests of the students and to represent the school, the student organization, and the community in a responsible manner.

F. The building administrators shall be responsible for complying with the District's Wellness Policy (Policy 533).

IV. **ANNUAL MONTHLY REPORT**

The superintendent All fundraisers shall ***be reported*** to the school board, ***at least annually, on a monthly basis and will describe on*** the nature and scope of student fundraising activities approved pursuant to this policy.

Legal References: Minn. Stat. § 120A.20 (Age Limitations; Pupils)
Minn. Stat. § 123B.09, Subd. 8 (Duties)
Minn. Stat. § 123B.36 (Authorized Fees)

Cross References: MSBA/MASA Model Policy 506 (Student Discipline)
MSBA/MASA Model Policy 713 (Student Activity Accounting)

Other References: 2019 UFARS Chapter 14 Student Activity Accounting

New Policy
Replacing: 1050
First Reading: 11-19-2019
Adopted:

~~1050 — FUND RAISING BY STUDENTS~~

~~Although permitted, fund-raising activities are to be kept to a minimum such that unreasonable time is not spent by students, staff, and parents in conducting the fund-raising. The School Board would prefer a policy of no fund-raising by students and staff, but recognizes that schools identify needs and desires beyond the funding ability of the School District's General Fund. Any fund-raising campaign in a school must be approved by the principal with a subsequent report to the Superintendent.~~

~~Adopted: 06-09-1970 ISD 709~~

~~Revised: 06-20-1995 ISD 709~~

203.2 - ORDER OF THE REGULAR SCHOOL BOARD MEETING BYLAW

I. PURPOSE

The purpose of this Bylaw is to ensure consistency in the order of business at regular school board meetings.

II. GENERAL STATEMENT OF BYLAW

It is the policy of the school board to consider matters that come before it in a consistent and orderly manner.

III. ORDER

A. The school board shall conduct an orderly school board meeting. The school board will, at all regular school board meetings, follow an agenda order as follows:

1. Roll Call
2. Pledge of Allegiance
3. Approval of the Agenda
- ~~4. Reading and Approving Minutes~~ (Move to Consent Agenda)
- ~~5. 4.~~ School and Community Recognition
- ~~6. 5.~~ Audience
- ~~7. Reading Communications, Petitions, Etc.~~ (Move to Consent Agenda)
- ~~6.~~ Report of the Superintendent
- ~~7.~~ Report of Standing Committees:
 - a. Education Committee
 - b. Human Resources Committee
 - c. Business Committee
- ~~8.~~ **Approval of Consent Agenda**
- ~~10. 9.~~ Special Resolutions
- ~~11. 10.~~ Questions/Other
- ~~12. 11.~~ Adjournment

- B. Items in this order may be considered as part of a consent agenda.
- C. The school board may depart from the order of business with the consent of the majority of members present.
- D. Any question of order arising, not provided for in these Bylaws, shall be decided according to parliamentary rules for the government of deliberative bodies, as defined by Robert's Rules of Order, Newly Revised.

Legal References: Minn. Stat. § 123B.09, Subd. 7 (School Board Powers)

Cross References: MSBA/MASA Model Policy 203 (Operation of the School Board – Governing Rules)
MSBA/MASA Model Policy 203.5 (School Board Meeting Agenda)
MSBA/MASA Model Policy 203.6 (Consent Agendas)

Replacing: Policy 9095
First Reading: 01-19-2016
Adopted: 02-23-2016 ISD709
Updated: 02-27-2018

AGREEMENT FOR THE PROVISION OF SPORTS MEDICINE SERVICES

This Sports Medicine Services Agreement (“Agreement”) is entered into as of **August 15, 2019** (“Effective Date”), by and between **St. Mary’s Duluth Clinic Health System, dba Essentia Health East**, on its own behalf and on behalf of its affiliates, including The Duluth Clinic, Ltd. (referred to individually and collectively as “**Essentia**”), and **Independent School District #709, also known as Duluth Public Schools (“DPS”)**.

RECITALS

- A. Essentia is a Minnesota nonprofit corporation whose purposes include advancement of healthcare in the region that it serves.
- B. DPS is a Minnesota independent school district which desires to provide professional sports medicine services to its student athletes.
- C. DPS wishes to obtain from Essentia, and Essentia wishes to provide, sports medicine services to be provided by one or more Essentia-employed health care professionals as set forth in this Agreement.

AGREEMENT

- 1. Professional Services.** Essentia-employed physicians and certified athletic trainers or registered physical therapists with a sports medicine interest (“Professionals”) will provide the services described in Exhibit A (“Services”). Prior to the commencement of this Agreement, Essentia will provide DPS with the name(s) of the Professionals who will provide Services under this Agreement, and will notify DPS of any change. Essentia will ensure that Professionals perform the Services in compliance with applicable statutes, regulations, and standards of federal, state and other governmental and regulatory bodies having jurisdiction over the Professionals.
- 2. Schedule.** The scheduling of time spent by Professionals in the provision of Services shall be mutually agreed upon by Essentia and DPS; the parties anticipate the schedule and amounts to be approximately as described on the attached Exhibit A, and time spent providing Services may be unevenly divided among the months. If the parties are unable to agree on the scheduling and/or the amount of Services, either party may terminate this agreement as set forth in subsection 12.b.
- 3. Space, Equipment, Staff Services and Supplies.** Essentia shall provide athletic training supplies up to \$1000 in value per year per DPS high school. DPS shall make available to Professionals all such other space, equipment, staff services and supplies as may be necessary for Professionals to provide the Services hereunder.
- 4. Further Obligations of DPS.** DPS agrees to the obligations set forth in Exhibit B.
- 5. Compensation.** The parties agree that Essentia shall provide Services at no charge to DPS. Essentia is willing to provide Services as a community benefit as part of its mission to improve the health of the residents of the communities it serves.

6. Relationships.

- a. Relationship between Essentia and DPS. The parties to this Agreement are always performing as independent contractors. Nothing in this Agreement shall constitute or be construed as the creation of an employment relationship, partnership, or joint venture between DPS and Essentia and/or Professionals, or any of their agents or employees. Neither Essentia nor any of its agents or employees is to be considered an agent or employee of DPS for any purpose. Essentia and DPS shall each be solely responsible for acts and omissions of itself, its employees and its agents.
- b. Relationship to DPS Students. This Agreement does not create an express or implied contract to provide care to DPS students beyond that which is set forth herein. Further, Essentia's commitment to provide Services hereunder does not obligate DPS student athletes to utilize such Services.

Persons who receive Services are being served as students of DPS and not as patients of Essentia. Essentia and Professionals have no clinical obligation to these students beyond the provision of Services, except to the extent that Professionals may be reasonably expected to respond to an emergent situation which is identified through or which results from the provision of Services. It is each student's responsibility to obtain any medical care that may be necessary/appropriate and which is outside the scope of this Agreement, and it is the student's prerogative to choose the provider from whom or from which such medical care (if any) is obtained.

- c. Non-Exclusive Relationship. Essentia or any of its affiliates may enter into agreements with any other party for the same or similar services.

7. **Record Retention.** Essentia shall not retain any medical documentation related to Professionals' provision of Services hereunder. Information related to the provision of Services will be provided to DPS for maintenance in its student medical records. DPS assumes all responsibility for ensuring that any such information obtained from Essentia is maintained in a manner that complies with applicable federal and state laws and regulations, including, but not limited to, the Family Educational Rights and Privacy Act (FERPA).
8. **Insurance.** Each party shall, at its expense, carry liability and professional liability insurance or provide self-insurance covering its acts and omissions under this Agreement, with limits of at least \$1 million per claim and \$1.5 million aggregate.
9. **Compliance.** Both parties shall comply with applicable state and federal laws and regulations including but not limited to the Family Educational Rights and Privacy Act (FERPA), the Health Insurance Portability and Accountability Act of 1996, as amended, and regulations promulgated thereunder ("HIPAA"), laws and rules governing the provision of health care and payment therefor, the Occupational Safety and Health Administration regulations, and legal standards relating to the interaction of personnel in the workplace.
10. **Confidentiality.** Both parties shall maintain the confidentiality of student and medical information, in accordance with applicable state and federal laws, rules and regulations. All documentation and records relating to Professionals' provision of Services hereunder shall be and remain the sole property of DPS, subject to the student's rights in such documentation and records. As a result of Essentia's provision of Services, the parties may have access to or become acquainted with confidential information relating to each other's business operations. Both parties, on their own behalf and on behalf of their employees,

acknowledge the importance to the other party of maintaining the confidentiality of such information and agree never to use or disclose such information except as necessary to carry out their obligations under this Agreement. Upon termination of this Agreement, both parties agree to return to each other all copies of data, records or other tangible documents which contain, embody or disclose, in whole or in part, any confidential patient information or any general confidential information. The provisions of this section 10 shall survive the termination of this Agreement.

For purposes of this section 10, “confidential information” shall not include: (a) information generally known to the public; (b) information which becomes known to the public through no action of either Essentia or DPS; or (c) information for which the disclosure has been consented to by each of the parties.

11. Indemnification. The parties are each responsible for their own acts or omissions, and are not liable for the acts or omissions of, or the costs of defending, others. Nothing in this section shall preclude a finding of liability on the part of either party based on the doctrines of equitable indemnity, comparative negligence, contribution, or other statutory or common law basis for liability.

12. Term and Termination. Unless sooner terminated as provided for herein, this Agreement shall remain in effect for five (5) years, expiring on **August 14, 2024** and shall not automatically renew. This Agreement may be terminated as follows:

- a. Mutual Written Agreement. This Agreement may terminate at any time upon written agreement of the parties.
- b. For Cause. Either party may terminate this Agreement with cause upon default by the other party under any material term of this Agreement and failure of the defaulting party to cure such default within sixty (60) days after receipt of written notice specifying the precise nature of such default. Upon failure to cure such default, this Agreement shall terminate upon written notice. For purposes of this subsection 12.b, “for cause” shall include, but not be limited to, failure by DPS to follow the advice of Professionals regarding the health and safety of student athletes.
- c. Change in Law. In the event there are changes or clarifications to any applicable laws, rules or regulations that affect, in the opinion of either party’s legal counsel, any legal right of any party to this Agreement, the affected party may notify the other party. Upon such notice, the parties shall engage in good faith negotiations regarding any appropriate modifications to this Agreement. If the parties are unable to agree to modifications, either party may terminate this Agreement by providing at least sixty (60) days’ notice to the other party.
- d. Jeopardy; Immediate Termination. Essentia may terminate this Agreement immediately with no penalty if, in its sole determination and discretion, the Agreement places Essentia or any of its affiliates at risk of adverse action by any state or federal governmental agency or accrediting body, including, but not limited to licensing and non-profit or tax-exempt status.
- e. Unilateral Termination by Either Party. The parties have contemporaneously entered into a coterminous sponsorship agreement. In the event the sponsorship agreement terminates for any reason, either party may terminate this Agreement with thirty (30) days’ written notice to the other party.

13. Notices. All notices, requests and other communications that a party is required or elects to deliver shall be in writing and shall be delivered personally, by certified mail or via recognized overnight courier service, to the other party at its address set forth below, or to such other address as such party may designate by notice pursuant to this section. Notice shall be effective when received if delivered by hand, or on the date shown on the return receipt, if by certified mail or courier service.

If to Essentia	With a copy to:
St. Mary's Duluth Clinic Health System	Essentia Health
Attn: SVP, Operations	Office of General Counsel
520 East Second Street	502 E. Second Street
Duluth, MN 55805	Duluth, MN 55805

If to DPS	
Independent School District #709	
Attn: Superintendent	
215 North First Avenue East	
Duluth, MN 55802	

14. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Minnesota, without giving effect to the conflict of laws principles thereof.

15. Force Majeure. Each party shall be excused from performance of its obligations under this Agreement to the extent such performance is prevented, restricted or interfered with by reason of fire, flood, earthquake, explosion or other casualty or accident, strikes or labor disputes, unanticipated Professional illness or other temporary Professional unavailability, war, act of terrorism or other violence, or any law, order, proclamation, regulation or ordinance, or demand or requirement of any government agency. The party so affected, upon giving prompt notice to the other party, shall be excused from such performance to the extent of such prevention, restriction or interference, provided, however, that the party so affected shall take all reasonable steps to avoid or remove such cause of nonperformance and shall resume performance hereunder with dispatch whenever such causes are removed.

15. Miscellaneous. Neither party may assign this Agreement without the prior written consent of the other. The parties agree to amend this Agreement as necessary to comply with any changes in applicable laws and regulations. This Agreement constitutes the entire contract between the parties with respect to the subject matter hereof. **Specifically, this Agreement supersedes that certain Sports Medicine Services Agreement between DPS and St. Mary's Duluth Clinic Health System, effective August 1, 2016, which the parties mutually agree terminates contemporaneously with the Effective Date of this Agreement.** It may be executed in any number of counterparts, each of which will be deemed to be the original. No amendment to this Agreement or any exhibit shall be effective unless in writing and signed by both parties. The waiver by either party of a breach of any provision of this Agreement will not be deemed a waiver of any subsequent breach of the same or a different provision. If any provision of this Agreement is illegal, invalid, or unenforceable under present or future laws effective during the term of this Agreement, that provision shall be fully severable. The remaining provisions shall remain in effect, and this

Agreement shall be construed and enforced as if the illegal, invalid or unenforceable provision had never been a part of this Agreement.

St. Mary's Duluth Clinic Health System

Independent School District #709

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT A SERVICES

Through its available Professionals Essentia shall:

- provide professional sports medicine services to DPS with the objective of enabling high school student athletes to play to their full potential;
- provide a qualified Professional to serve as strength and conditioning coach at each DPS high school, up to 90 minutes per day, Monday through Thursday, during each school year;
- assign a physician who shall supervise and may provide backup coverage for the Essentia-assigned certified athletic trainer(s).
- provide DPS with protocols and practices regarding the assessment and treatment of student athletes;
- coordinate sports medicine services provided by Essentia and/or by other health care providers and/or by DPS personnel;
- direct student athletes to DPS on-campus medical facilities for treatment of injuries when in the opinion of Professional(s), it is medically appropriate to do so;
- assign to DPS one or more Professional(s) who are certified athletic trainers to provide services including, but not necessarily limited to the following services, all of which shall be provided in accordance with established protocols and under the medical supervision of the team physician:
 - provide on-duty coverage at the training room, such coverage is estimated to be 2:30 p.m. to 10 p.m. during regular school days, not to include holidays or Sundays, and is further subject to practices and events;
 - provide event coverage for home events for contact/collision sports and provide event coverage for all other sports for home events if mutually agreed to in advance by the parties (coverage would not include Sundays); travelling and providing coverage for “away” varsity events will be based upon DPS need and subject to availability of Essentia staff, and will be as mutually agreed to by the parties on a case-by-case basis
 - provide routine/daily training services such as preventive care, assessment and treatment of injuries, rehabilitation of injuries, and assessment of readiness for sports participation;
 - keep an inventory of and arrange for procurement of needed trainer’s equipment and supplies;
 - act as the primary liaison between student athletes, coaching staff and other health care providers in matters pertaining to evaluation and treatment of sports-related injuries and other health problems;
 - carry out on-site evaluation and immediate care of injuries/health problems; “evaluation” typically includes an assessment of the student athlete’s readiness to continue or resume practice or play;
 - recommend to students any further evaluation and care that may be required but is beyond the scope of Services provided by Essentia hereunder;
 - carry out preventive and rehabilitative care under the direction of the team physician or a registered physical therapist (RPT) who has established a rehabilitative plan of care;
 - report to the coaching staff on a regular basis regarding each student athlete’s readiness to play;
 - report information to coaching staff that is specific to any student athlete who is being evaluated or treated for any injury or health problem;

- communicate with the team physician on a regular basis regarding student athletes' readiness to play and the status of all students being evaluated or treated for any injury or health problem; and
- provide such additional services based upon need and availability as mutually agreed to by the parties.

EXHIBIT B
OBLIGATIONS OF DPS

- ensure that health history and consent for participation/treatment forms are obtained for each student athlete prior to and as a condition of participation in DPS sports programs;
- provide Essentia with input regarding the selection of Professionals;
- provide Essentia with feedback regarding Professionals' performance of Services hereunder;
- recognize the responsibility and authority of Professionals to direct the care of injured student athletes and to determine the type(s) of treatment required;
- recognize the responsibility and authority of Professionals to make final determinations regarding each student athlete's ability to safely participate in practices and athletic events;
- ensure that coaching staff members respect Professionals' assessments of student athletes' readiness to safely participate in practices and athletic events;
- provide a means for DPS coaches to communicate with Professionals during all practices and athletic events;
- appoint a liaison to work with Professionals as may be required for Professionals to provide Services hereunder;
- work cooperatively with Essentia to determine at which events Professionals must provide on-site Services; and
- maintain student records relating to Professionals' provision Services hereunder, and to release such records only as may be permitted by applicable laws and regulations; and
- ensure DPS coaches aware of the Services being provided by Essentia.

SPONSORSHIP AGREEMENT

This Sponsorship Agreement (“Agreement”) is entered into as of **January 1, 2020** (“Effective Date”), by and between **St. Mary’s Duluth Clinic Health System, dba Essentia Health East**, on its own behalf and on behalf of its affiliates, including The Duluth Clinic, Ltd. (referred to individually and collectively as “Essentia”), and **Independent School District #709, also known as Duluth Public Schools (“DPS”)**.

RECITALS

- A. Essentia is a Minnesota nonprofit corporation whose purposes include advancement of healthcare in the region that it serves.
- B. DPS is a Minnesota independent school district. To further its purpose, DPS conducts high school athletic training and athletic events attended by the public (“Athletic Program”).
- C. The parties enter into this Agreement to set forth and define the terms and the recognition from DPS for Essentia’s sponsorship (as defined below) of the Athletic Program in exchange for certain contributions to DPS. Accordingly, Essentia and DPS agree as follows

AGREEMENT

1. **Sponsorship.** During the term of this Agreement, DPS agrees to identify and acknowledge Essentia as the District’s only Health Care Athletic Program sponsor by displaying Essentia’s logo and other agreed-upon identifying information, and performing other obligations, as described in Exhibit A. Essentia shall be permitted to use DPS’s name, acronym and logo for the sole purpose of promoting Essentia’s sponsorship of the Athletic Program.
2. **Recognition.** In addition to its sponsorship obligations hereunder, without the prior written approval of Essentia, DPS agrees not to offer, grant, or sell the right to name any portion or subordinate portion of a DPS facility, including but not limited to high schools, sports centers, and stadiums, or to place any permanent or temporary signs about a DPS facility to any third party: i) whose primary business falls within the category of providing healthcare services, or ii) who otherwise could be reasonably identified by Essentia or the public to be a direct competitor of Essentia in the provision of healthcare services. Essentia or any of its affiliates may enter into agreements with any other party for the same or similar services.
3. **Sponsorship Contribution.** In consideration for the right to sponsor the Athletic Program as described herein, Essentia agrees to make a cash contribution to DPS of \$325,000.00 payable as follows:
 - within thirty days of the date this Agreement is fully executed, \$100,000 to purchase new weight room equipment, to be split evenly between Denfeld High School and East High School
 - within thirty days of the first, second, third, and fourth anniversary dates, \$56,250 to be distributed in equal parts to Denfeld High School and East High School to improve the Athletic Program and support services associated with student wellness

4. **License of Intellectual Property.**

- a. DPS. DPS is the sole owner of all right, title, and interest to all DPS information, including DPS's logo, trademarks, trade names, and copyrighted information, unless otherwise provided. DPS hereby grants to Essentia a limited, non-exclusive license to use certain of DPS's intellectual property, including DPS's name, acronym, and logo (collectively, the "DPS Property"), solely in connection with promotion of Essentia's sponsorship of the Athletic Program. Essentia agrees that it shall not use DPS's Property in a manner that states or implies that DPS endorses Essentia (or Essentia's products or services). It is understood that DPS retains the right to review and approve in advance all uses of such intellectual property, which approval shall not be unreasonably withheld.
- b. Essentia. Essentia is the sole owner of all right, title, and interest to all Essentia information, including Essentia logos, trademarks, trade names, and copyrighted information, unless otherwise provided. Essentia hereby grants to DPS a limited, non-exclusive license to use certain of Essentia's intellectual property, including names, trademarks, and copyrights (collectively, "Essentia Property"), solely to identify Essentia as a sponsor of the Athletic Program. It is understood that Essentia retains the right to review and approve in advance all uses of such intellectual property, which approval shall not be unreasonably withheld. Essentia represents and warrants that it has not previously disposed of any of the rights herein granted to DPS nor previously granted any rights adverse thereto or inconsistent therewith; that there are no rights outstanding which would diminish, encumber or impair the full enjoyment or exercise of the rights herein granted to DPS; and that the Essentia Property does not and will not violate or infringe upon any patent, copyright, literary, privacy, publicity, trademark, service mark, or any other personal or property right of any third party.
- c. Upon termination or expiration of this Agreement, all rights and privileges for use of the other party's Property shall expire, and each party shall discontinue the use of such other party's Property.

5. **Relationship of the Parties.** The parties to this Agreement are always performing as independent contractors. Nothing in this Agreement shall constitute or be construed as the creation of an employment relationship, partnership, or joint venture between DPS and Essentia, or any of their agents or employees. Essentia and DPS shall each be solely responsible for acts and omissions of itself, its employees and its agents.

6. **Term and Termination.** Unless sooner terminated as provided for herein, this Agreement shall remain in effect for five (5) years, expiring on **December 31, 2024** and shall not automatically renew. This Agreement may be terminated as follows:

- a. Mutual Written Agreement. This Agreement may terminate at any time upon written agreement of the parties.
- b. For Cause. Either party may terminate this Agreement with cause upon default by the other party under any material term of this Agreement and failure of the defaulting party to cure such default within sixty (60) days after receipt of written notice specifying the precise nature of such default. Upon failure to cure such default, this Agreement shall terminate upon written notice.

- c. Change in Law. In the event there are changes or clarifications to any applicable laws, rules or regulations that affect, in the opinion of either party's legal counsel, any legal right of any party to this Agreement, the affected party may notify the other party. Upon such notice, the parties shall engage in good faith negotiations regarding any appropriate modifications to this Agreement. If the parties are unable to agree to modifications, either party may terminate this Agreement by providing at least sixty (60) days' notice to the other party.
- d. Jeopardy; Immediate Termination. Essentia may terminate this Agreement immediately with no penalty if, in its sole determination and discretion, the Agreement places Essentia or any of its affiliates at risk of adverse action by any state or federal governmental agency or accrediting body, including, but not limited to licensing and non-profit or tax-exempt status.
- e. Termination by Essentia. The parties have contemporaneously entered into a coterminous sports medicine services agreement. In the event the sports medicine services agreement terminates for any reason, Essentia may terminate this Agreement with thirty (30) days' written notice to DPA.
- f. Effect of Termination. In the event this Agreement is terminated by either party for any reason, DPS shall refund to Essentia a pro-rated portion of the contribution paid to DPS pursuant to section 3 for any incomplete term year. By way of example only, and not limitation, if the Agreement is terminated in the sixth month of the second year, DPS would be required to reimburse Essentia \$12,500.

7. Insurance; Indemnification. Each party shall, at its expense, carry general and commercial liability insurance or provide self-insurance covering its acts and omissions under this Agreement, with limits of at least \$1 million per claim and \$1.5 million aggregate. The parties are each responsible for their own acts or omissions, and are not liable for the acts or omissions of, or the costs of defending, others. Nothing in this section shall preclude a finding of liability on the part of either party based on the doctrines of equitable indemnity, comparative negligence, contribution, or other statutory or common law basis for liability.

8. Confidentiality. As a result of Essentia's sponsorship of the DPS Athletic Program, the parties may have access to or become acquainted with confidential information relating to each other's business operations. Both parties, on their own behalf and on behalf of their employees, acknowledge the importance to the other party of maintaining the confidentiality of such information and agree never to use or disclose such information except as necessary to carry out their obligations under this Agreement. Upon termination of this Agreement, both parties agree to return to each other all copies of data, records or other tangible documents which contain, embody or disclose, in whole or in part, any confidential patient information or any general confidential information. The provisions of this section 8 shall survive the termination of this Agreement.

For purposes of this section 8, "confidential information" shall not include: (a) information generally known to the public; (b) information which becomes known to the public through no action of either Essentia or DPS; or (c) information for which the disclosure has been consented to by each of the parties.

9. Notices. All notices, requests and other communications that a party is required or elects to deliver shall be in writing and shall be delivered personally, by certified mail or via recognized overnight courier service, to the other party at its address set forth below, or to such other address as such party may designate by notice pursuant to this section. Notice shall be effective when received if delivered by hand, or on the date shown on the return receipt, if by certified mail or courier service.

If to Essentia	With a copy to:
St. Mary's Duluth Clinic Health System	Essentia Health
Attn: SVP, Operations	Office of General Counsel
520 East Second Street	502 E. Second Street
Duluth, MN 55805	Duluth, MN 55805

If to DPS	
Independent School District #709	
Attn: Superintendent	
215 North First Avenue East	
Duluth, MN 55802	

10. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Minnesota, without giving effect to the conflict of laws principles thereof.

11. Force Majeure. Each party shall be excused from performance of its obligations under this Agreement to the extent such performance is prevented, restricted or interfered with by reason of fire, flood, earthquake, explosion or other casualty or accident, strikes or labor disputes, unanticipated illness or other temporary unavailability through no fault of Essentia or DPS, war, act of terrorism or other violence, or any law, order, proclamation, regulation or ordinance, or demand or requirement of any government agency. The party so affected, upon giving prompt notice to the other party, shall be excused from such performance to the extent of such prevention, restriction or interference, provided, however, that the party so affected shall take all reasonable steps to avoid or remove such cause of nonperformance and shall resume performance hereunder with dispatch whenever such causes are removed.

15. Miscellaneous. Neither party may assign this Agreement without the prior written consent of the other. The parties agree to amend this Agreement as necessary to comply with any changes in applicable laws and regulations. This Agreement constitutes the entire contract between the parties with respect to the subject matter hereof. It may be executed in any number of counterparts, each of which will be deemed to be the original. No amendment to this Agreement or any exhibit shall be effective unless in writing and signed by both parties. The waiver by either party of a breach of any provision of this Agreement will not be deemed a waiver of any subsequent breach of the same or a different provision. If any provision of this Agreement is illegal, invalid, or unenforceable under present or future laws effective during the term of this Agreement, that provision shall be fully severable. The remaining provisions shall remain in effect, and this Agreement shall be construed and enforced as if the illegal, invalid or unenforceable provision had never been a part of this Agreement.

Signature Page Follows

Signature Page to Sponsorship Agreement

St. Mary's Duluth Clinic Health System

By: _____

Print name: _____

Title: _____

Date: _____

Independent School District #709

By: _____

Print name: _____

Title: _____

Date: _____

Essentia Health Marketing Department

By: _____

Print Name: _____

Title: _____

Date: _____


Exhibit A
Recognition Obligations of DPS

DPS shall:

- acknowledge at all home games/venues, via signage, program advertisement and public address announcement, that orthopedic & sports medicine services are provided by Essentia;
- ensure all acknowledgments are healthcare industry exclusive, with the exception of limited visibility from lower tier sponsorship support subject to DPS obtaining Essentia's prior written approval
 - Essentia shall be recognized as a top-tier (highest) supporter with any additional partnership/sponsorship opportunities with DPS. Any additional partners at the same top-tier level shall not be a direct competitor of Essentia. Sponsorships from competitors should not include signage (any existing signage in the facilities can remain during current contract duration, but not be renewed and nothing new can be added);
- at Essentia's sole cost and expense, grant sole rights to Essentia on all signage on training room and weight room doors, and all other home sports venues, to acknowledge that orthopedic & sports medicine services are provided by Essentia, signage to be prominently displayed with approval of the DPS facilities director to ensure compliance with then-current DPS policies and requirements;
- use information approved or provided by Essentia, including ads, logos, scripting, etc. for the signage, public address announcement and program advertisement
 - at DPS request Essentia shall provide custom ads, scripting, etc.; and
- provide additional promotion opportunities as agreed to by Essentia's marketing team and DPS at no additional cost to Essentia, including, but not limited to, advertising in Booster Club programs, events and deliverables.

Memorandum

To: Ms. Rosalie Loeffler-Kemp / School Board Chair
Ms. Cathy Erickson / CFO Executive Director of Business Services

From: Dave Spooner 
Manager of Facilities

Date: November 12, 2019

Re: Change Order #1 – Northland Consulting Engineers LLP - Proposal for Design Services - PSS Track Replacement

School Board Approved LTFM FY-20 Project

Attached are two copies of Change Order #1, modifying the agreement with Northland Consulting Engineers LLP, in which the District entered into agreement with at the October 2018 School Board Meeting to reconstruct the track at PSS.

I am presenting this change order for signature as per attached, to amend our Owner / Engineer agreement to add up to an estimated 52 hours of construction engineering services for an estimated not to exceed fee of \$6760.00.

This added fee is required for engineering services at the new PSS track, as the District and our consultant NCE have rejected the work as being non-compliant with specifications, specifically pertaining to slope from lane 8 inward to the trench drain. The current new installation allows for a greater than desired ponding to occur in lane 1 due to lane 1 being lower in some areas than the trench drain grate.

This will result in a new contract sum of **\$82,395.00**.

Recommendation:

I am recommending that Ms. Rosalie Loeffler-Kemp, School Board Chair, approve Change Order #1, on behalf of the School Board with Northland Consulting Engineers LLP, as authorized by the regular School Board Meeting on December 17, 2019.

The new contract sum for the work defined in the agreement is **\$82,395.00**.

Attachments:

November 11, 2019

David Spooner
Manager of Facilities
Independent School District 709
215 North 1st Avenue East
Duluth, MN 55811

Re: Public School Stadium Track Reconstruction – NCE Contract Amendment

Dear David:

As discussed, we have nearly reached our estimated construction engineering services for the project. Since the project will extend into 2020, we are requesting an amendment to our Owner Engineer agreement (EJCDC E-500 Contract). We estimate that we will require an additional 52 hours of construction engineering services at \$130.00 per hour. In the amendment we are requesting **\$6,760.00** of fee that will be billed hourly not to exceed. Please review and let us know if you have any questions or concerns.

Thank you.

Sincerely,



David Bolf, P.E.
Northland Consulting Engineers, LLP

CC: Trent Prigge, Northland Consulting Engineers, LLP

This is **EXHIBIT K**, consisting of 2 pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services** dated September 11, 2018.

AMENDMENT TO OWNER-ENGINEER AGREEMENT

Amendment No. 1

1. *Background Data:*

- a. Effective Date of Owner-Engineer Agreement: 11-07-2018
- b. Owner: Independent School District 709
- c. Engineer: Northland Consulting Engineers LLP
- d. Project: Public School Stadium Track Reconstruction

2. *Description of Modifications:*

[NOTE TO USER: Include the following paragraphs that are appropriate and delete those not applicable to this amendment. Refer to paragraph numbers used in the Agreement or a previous amendment for clarity with respect to the modifications to be made. Use paragraph numbers in this document for ease of reference herein and in future correspondence or amendments.]

- a. Engineer shall perform or furnish the following Additional Services:
- b. The Scope of Services currently authorized to be performed by Engineer in accordance with the Agreement and previous amendments, if any, is modified as follows:
- c. The responsibilities of Owner are modified as follows:
- d. For the Additional Services or the modifications to services set forth above, Owner shall pay Engineer the following additional or modified compensation:
- e. The schedule for rendering services is modified as follows:
- f. Other portions of the Agreement (including previous amendments, if any) are modified as follows:

[List other Attachments, if any]

5. Agreement Summary (Reference only)

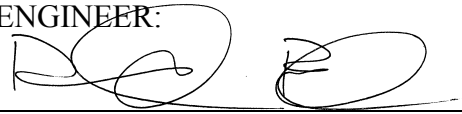
a. Original Agreement amount:	\$ <u>75,635.00</u>
b. Net change for prior amendments:	\$ _____
c. This amendment amount:	\$ <u>6,760.00</u>
d. Adjusted Agreement amount:	\$ <u>82,395.00</u>

The foregoing Agreement Summary is for reference only and does not alter the terms of the Agreement, including those set forth in Exhibit C.

Owner and Engineer hereby agree to modify the above-referenced Agreement as set forth in this Amendment. All provisions of the Agreement not modified by this or previous Amendments remain in effect. The Effective Date of this Amendment is _____.

OWNER:

ENGINEER:



By: _____

By: David Bolf, PE

Title: _____


Title: Principal Civil Engineer

Date Signed: _____

Date Signed: 11-11-2019

Memorandum

To: Ms. Rosalie Loeffler-Kemp / School Board Chair
Ms. Cathy Erickson / CFO Executive Director of Business Services

From: Dave Spooner 
Manager of Facilities

Date: December 9, 2019

Re: Change Order #1 (Deduct) - Kraus-Anderson Construction Company Sourcewell Project Procurement/Gordian eziQC for Lincoln Park Middle School New Bathroom Construction Project

Attached are two copies of a Sourcewell Change Order #1 with Kraus-Anderson Construction Company. This agreement is to perform work as defined in plans and specifications to reconfigure two rooms and construct such into an accessible toilet and shower room at Lincoln Park Middle School, in which the District entered into agreement at the regular June 18th, 2019 School Board meeting.

These construction services are procured through Gordian eziQC, Sourcewell contract MN021R-042517-KRU.

This deduct change order is related to an owner provided door, eliminated glazing, and a credit for a slight visual defect in floor tile. The deduct for CO #1 is **(\$3,531.17)**

The original contract sum for this work as defined in the attached Sourcewell Gordian eziQC agreement is **\$225,578.45**. This CO #1 deduct will result in a new contract amount of **\$222,047.28**.

Recommendation:

I am recommending that Ms. Rosalie Loeffler-Kemp, School Board Chair, approve Change Order #1, on behalf of the School Board with Kraus-Anderson Construction Company, as authorized by the regular School Board Meeting on June 18, 2019.

The new contract sum for the work defined in the Sourcewell agreement is **\$222,047.28**.

Attachments

Sourcewell
Indefinite Quantity Construction Agreement

Change Order Number 01

This Change Order is entered into and effective this 5th day of December, 2019, by and between the following parties:

ISD #709 – Duluth Public Schools
215 North First Avenue East
Duluth, MN 55802

(hereinafter called “Owner”), and

Kraus-Anderson® Construction Company
501 South Eighth Street
Minneapolis, MN 55402

(hereinafter called “Contractor”).

WITNESSETH THAT WHEREAS:

- A. The Contractor entered into an Indefinite Quantity Construction Agreement with Sourcewell (formerly NJPA), dated December 14, 2018 (the “Sourcewell Agreement”).
- B. Owner is a Sourcewell Member that requested a Proposal Package from Contractor pursuant to the Sourcewell Agreement.
- C. Owner and Contractor amended the Sourcewell Agreement pursuant to a Purchase Order dated June 13, 2019 (hereinafter “Purchase Order”) for the following project: **Lincoln Park Middle School – Toilet Room at 3215 West Third Street, Duluth, MN 55806** (the “Project”). Kraus-Anderson Project Number: 1922011.
- D. Except as expressly modified by this Change Order, all terms and conditions of the Purchase Order and Sourcewell Agreement shall continue unchanged and in full force and effect. Capitalized words and phrases herein shall have the same meanings as are ascribed to such words in the Purchase or Sourcewell Agreement, except to the extent otherwise defined in this Change Order.

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby amend the Purchase Order and the Sourcewell Agreement and agree as follows.

1. Change Description: Credits were given for the following:
 - a. Owner provided door slab.
 - b. Owner decided to remove the glass and glazing work from the project.
 - c. Owner accepted a credit due to a visual defect in the floor tile.

2. The original Contract Sum was \$ 225,578.45

3. The net change by previously authorized Change Orders was \$ 0.00

4. The Contract Sum prior to this Change Order was \$ 225,578.45

5. The Contract Sum will be decreased by this Change Order \$ -3,531.17

6. The new Contract Sum including this Change Order will be \$ 222,047.28

7. The Contract Time will be increased by zero (0) days. The date of Substantial Completion shall remain August 30, 2019.

8. The attached Exhibits are part of this Change Order as if each were physically incorporated therein:
 - a. Exhibit 1: Gordian approved Sourcewell ezIQC Work Order Number 068699.01, dated December 5, 2019.

The parties hereto have executed this Change Order as of the date first set forth above.

**ISD #709 – Duluth Public Schools
(Owner)**

**Kraus-Anderson® Construction Company
(Contractor)**

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____



Work Order Signature Document

Sourcewell EZIQC Contract No.: MN-IRA-GC02-120518-KRU

New Work Order

Modify an Existing Work Order

Work Order Number: 068699.01

Work Order Date: 12/05/2019

Owner PO No:

Work Order Title: Duluth Public Schools Lincoln Park Middle School Bathroom Conversion Supplemental #1

Owner Name: Duluth Public Schools

Contractor Name: Kraus-Anderson Construction Company

Contact: David Spooner

Contact: Dustin Wick

Phone: 218-336-8700

Phone: 218-722-3775

Work to be Performed

Work to be performed as per the Final Detailed Scope of Work Attached and as per the terms and conditions of Sourcewell EZIQC Contract No MN-IRA-GC02-120518-KRU.

Brief Work Order Description:

Time of Performance See Schedule Section of the Detailed Scope of Work

Duration

Liquidated Damages

Will apply:

Will not apply:

Work Order Firm Fixed Price: \$-3,531.17

Owner Purchase Order Number:

Approvals

Owner

Date

Contractor

Date

Detailed Scope of Work

To: Dustin Wick
Kraus-Anderson Duluth
No Data Input
No Data Input,
218-722-3775

From: David Spooner
Duluth Public Schools
215 N. 1st Ave E
Duluth, MN 55802
218-336-8700

Date Printed: December 05, 2019

Work Order Number: 068699.01

Owner PO No:

Work Order Title: Duluth Public Schools Lincoln Park Middle School Bathroom Conversion Supplemental #1

Brief Scope:

Preliminary

Revised

Final

The following items detail the scope of work as discussed at the site. All requirements necessary to accomplish the items set forth below shall be considered part of this scope of work.

Owner Change Order - Supplemental 01. Credit provided for an Owner provided door slab. Credit provided as Owner opted out of the glass and glazing change. Owner credit provided for visual defect in floor tile, only noticed after installation.

Contractor

Date

Owner

Date

Contractor's Price Proposal - Summary

Date: December 05, 2019

Re: IQC Master Contract #: MN-IRA-GC02-120518-KRU
Work Order #: 068699.01
Owner PO #:
Title: Duluth Public Schools Lincoln Park Middle School Bathroom Conversion Supplemental #1
Contractor: Kraus-Anderson Construction Company
Proposal Value: -\$3,531.17

08A - Doors/Frames/Hardware	-\$547.07
08B - Glazing	-\$984.10
09B - Tile	-\$2,000.00
Proposal Total	-\$3,531.17

The Percentage of NPP on this Proposal: %

Contractor's Price Proposal - Detail

Date: December 05, 2019

Re: IQC Master Contract #: MN-IRA-GC02-120518-KRU
 Work Order #: 068699.01
 Owner PO #:
 Title: Duluth Public Schools Lincoln Park Middle School Bathroom Conversion Supplemental #1
 Contractor: Kraus-Anderson Construction Company
 Proposal Value: -\$3,531.17

Sect.	Item	Modifier	UOM	Description	Line Total
Labor	Equip.	Material	(Excluded if marked with an X)		

08A - Doors/Frames/Hardware

1	08 14 16 00 0179		EA	4'-0" x 7' x 1-3/4" Thick, 5 Ply, Hollow Core (HC), Oak Faced Wood Door	-547.07
				Quantity	
				Unit Price	
				Factor	
				Total	
				Installation	
				-1.00	x
				393.80	x
				1.3892	=
				-547.07	

Subtotal for 08A - Doors/Frames/Hardware **-\$547.07**

Sect.	Item	Modifier	UOM	Description	Line Total
Labor	Equip.	Material	(Excluded if marked with an X)		

08B - Glazing

2	08 51 13 00 0008		EA	>20 To 30 SF, 2-3/4" Frame Depth, C 35, Tilt In Sash, Single Hung Aluminum Window (Traco TR-5400)	-95.90
				Quantity	
				Unit Price	
				Factor	
				Total	
				Installation	
				0.00	x
				443.09	x
				1.3892	=
				0.00	
				Demolition	
				-1.00	x
				69.03	x
				1.3892	=
				-95.90	

3	08 81 23 13 0038		SF	3/8" Thick, Frosted Factory Installed Glass	-888.20
---	------------------	--	----	---------------------------------------------	---------

				Quantity	
				Unit Price	
				Factor	
				Total	
				Installation	
				-32.00	x
				19.98	x
				1.3892	=
				-888.20	

Subtotal for 08B - Glazing **-\$984.10**

Sect.	Item	Modifier	UOM	Description	Line Total
Labor	Equip.	Material	(Excluded if marked with an X)		

09B - Tile

4	01 22 16 00 0002		EA	Reimbursable Fees Reimbursable Fees will be paid to the contractor for eligible costs. The base cost of the Reimbursable Fee is \$1.00. Insert the appropriate quantity to adjust the base cost to the actual Reimbursable Fee (e.g. quantity of 125 = \$125.00 Reimbursable Fee). If there are multiple Reimbursable Fees, list each one separately and add a comment in the "note" block to identify the Reimbursable Fee (e.g. sidewalk closure, road cut, various permits, extended warranty, expedited shipping costs, etc.). A copy of each receipt shall be submitted with the Price Proposal.	-2,000.00
				Quantity	
				Unit Price	
				Factor	
				Total	
				Installation	
				-2,000.00	x
				1.00	x
				1.0000	=
				-2,000.00	

Tile Credit provided to the Owner. After installation, there was a visual defect in the tile sheen. Owner is accepting a credit.

Subtotal for 09B - Tile **-\$2,000.00**


Proposal Total **-\$3,531.17**

This total represents the correct total for the proposal. Any discrepancy between line totals, sub-totals and the proposal total is due to rounding.

The Percentage of NPP on this Proposal: %

Memorandum

To: Ms. Rosalie Loeffler-Kemp / School Board Chair
Ms. Cathy Erickson / CFO Executive Director of Business Services

From: Dave Spooner 
Manager of Facilities

Date: December 9, 2019

Re: Change Order #1 - City of Duluth Bid #19-6601 – ISD 709 Access Control Improvements District Wide – Federal Cops Grant

The above bid was advertised in accordance with City of Duluth Policy, Duluth Public Schools Policy, and MN State Statute. The City of Duluth Purchasing Department received one bid for this work, and after review with DOJ guidelines it was deemed to be compliant and sufficient. The City of Duluth is the recipient of this grant, and Duluth Public Schools is the sub recipient. The grant has a value of \$625,000.00, of which the District is responsible for the first \$156,250.00. The scope of work defined in this bid is to furnish and install security improvements at 12 school sites, which consists of access control enhancements, iPhone upgrades, and CCTV improvements.

Change Order #1 consists of changes to the number of iPhones at sites: East, LPMS, and OEMS. The iPhone category base bid amount was **\$95,319.00**. CO #1 is **\$5,974.00**, for a new iPhone category bid amount of **\$101,293.00**.

The original contract sum for all work defined in bid #19-6601 is **\$248,143.00**. The new contract sum to include CO #1 results in a new contract amount of **\$254,117.00**.

Recommendation:

I am recommending that Ms. Rosalie Loeffler-Kemp, School Board Chair, approve Change Order #1, on behalf of the School Board, with HUNT ELECTRIC CORPORATION, as authorized by the regular School Board Meeting on September 17, 2019.

The new contract sum for the work defined in this agreement is **\$254,117.00**.

Attachments

HUNT

Electric Corporation

Duluth Office

4330 West 1st Street, Suite B
Duluth, Minnesota 55807

Client Address:

ISD 709

215 N 1st ave East
Duluth, Minnesota 55802

Project Name: City of Duluth Bid #19-6601
ISD 709 Security Improvements
District wide

Contract 19-6601

PCO # 1

Date 11/12/2019

Work Description

Itemized Description

Description	Qty	Net Price U	Total Mat. \$	Labor U	Total Hours
CBL - CMP CAT6A UTP BLU	1,000.000	591.15 M	591.15	8.000 M	8.000
IX-MV7-HB	3.000	904.04 E	2,712.12	1.000 E	3.000
PROGRAMMING	3.000	0.00 E	0.00	1.000 E	3.000
SHIPPING	1.000	25.00 E	25.00	0.000 E	0.000
PANDUIT CJX88TGBU CAT6A DATA JACK	3.000	12.36 E	37.08	0.220 E	0.660
PANDUIT DFPE10IW-2GY FACEPLATE	3.000	4.74 E	14.22	0.200 E	0.600
PANDUIT CMBIW-X BLANKS	30.000	0.24 E	7.20	0.030 E	0.900
LV-2 CUT IN PLATE	3.000	2.34 E	7.02	0.500 E	1.500
MISC. MATERIALS-PATHWAY, FIRESTOP	1.000	25.00 E	25.00	4.000 E	4.000
Totals	1,047.000		3,418.79		21.660

Summary

Extension Materials	%	Total			
Database Material		3,418.79			
Total Extension Material Cost		3,418.79			
Material Tax	8.88	303.42			
Total Extension Material		3,722.21			
Labor	Hours	Rate	Sub Total	%	Total
Field Labor					
292 Composite Rate (1st Shift)	21.660	58.00	1,256.28		
Total Field Labor					1,256.28
Total Labor Cost					1,256.28
Total Labor					1,256.28
Sub Total 1					4,978.49
Global Markup				20.000	995.70
Total Global Overhead and Markup					995.70
Sub Total 2					5,974.19
Final Adj				-0.003	-0.19
Total Adjustments					-0.19
Total					5,974.00
Original Contract		\$248,143.00			
change order 1 add		\$5,974.00			
New Contract		\$254,117.00			

Purchaser _____

Title _____

Date _____

By Paul Scimocca

Title Project Manager 167

Date 12/09/2019

RESOLUTION

Acceptance of Donations to Duluth Public Schools

WHEREAS, Minnesota Statute 465.03 requires a school district to accept donations by resolution expressed in the terms prescribed by the donor in full; and,

WHEREAS, acceptance of the donations in accordance with the donor’s terms is in the best interest of the Duluth Public Schools:

NOW, THEREFORE, BE IT RESOLVED that the Duluth Public Schools does accept the below-described donations from said organizations in accordance with the terms set forth herein.

BE IT FURTHER RESOLVED that the Duluth Public Schools wishes to extend its grateful appreciation to these various individuals and organizations.

SCHOOL	DONOR	AMOUNT	RESTRICTION	COMMENTS
Congdon	Messina Property Management	\$100.00	Unpaid lunch balances	
Curriculum	Carolyn and Jerry Zanko	In Kind	None	72 pair of knitted mittens, 24 hats, 3 quilts distributed to Laura Mac, Denfeld, Myers, Lincoln Park
District	Michelle Emme	In Kind	Music Program	Donation of West Coast Strings: Dario Giovanni Violin (See invoice from Christian Eggert Violin dated 4/20/15)
Homecroft	Wells Fargo Your Cause	\$30.00	None	
Lester Park	University of MN	\$2,500.00	None	For participation in The Good Behavior Game study
Lester Park	Ms. Gloria Brunette	\$30.00	Unpaid lunch balances	
Lowell	Jeanne LeMay	In Kind	None	Donated several bottles that can be handcrafted to be used for Social, Emotional Learning.
Lowell	Van Loon Family	In Kind	None	They donated a HUGE box of shoes, cleats, boots, etc to be used in the Lowell Kid's Closet.
Myers-Wilkins	Helen Gruba	\$20.00	Books for Kids literacy project	
Myers-Wilkins	Shirley Pommerville	\$200.00	Books for Kids literacy project	

Myers-Wilkins	Barbara Fischer	\$300.00	Books for Kids literacy project	
Myers-Wilkins	St. Lukes	\$500.00	Books for Kids literacy project	
Myers-Wilkins	Altrusa Int'l - Duluth	\$200.00	Books for Kids literacy project	
Myers-Wilkins	Rev. John and Sally Maki	\$30.00	Books for Kids literacy project	
Ordean-East	Ordean East PTA	\$384.62	Scholastic Scope magazine	
Ordean-East	Ordean-East PTA	\$37.28	Mesh bags for lunchtime from Gopher	
Stowe	Paul and Susan Bachinski	In Kind	Stowe Play Scape	Aluminum fishing boat used for a sandbox in the playscape
Stowe	Minnesota Power Employees Credit Union	\$500.00	Wolf Ridge trip	Wolf Ridge scholarships
Stowe	Unknown	\$466.00	Wolf Ridge trip	Anonymous donations
Stowe	Anonymous	\$400.00	Wolf Ridge scholarships	Anonymous donations
Stowe	Stowe Parent Group	\$1,400.00	Teachers for supplies	
Stowe	Stowe Parent Group	\$1,000.00	Wolf Ridge trip	

RESOLUTION
Certified Tax Levy 2019 Payable 2020

BE IT RESOLVED, By the School Board of Independent School District No. 709, St. Louis County, Minnesota, to hereby set the Tax Levy for 2019 Payable 2020 at \$40,089,645.79.

**Expenditure Contracts Signed
November 2019**

For your information, the Superintendent or the Executive Director of Business Services has signed the following expenditure contracts during the month of November 2019.

Name	Amount*	Contract Source**	Description
Mary Ann Marchel	\$6,900.00*	Community Education (DR)	Provide mental health consultative and facilitative services
Emma Van Vactor-Lee	\$306.25*	Curriculum (DU)	Cultural Competency Workshop
DECC	\$2,745.00	East (SAF)	2019 Holiday Concert
Interquest Canines	\$1,500.00*	East (SAF)	Canine contraband inspection services
Wolf Ridge	\$10,000.00	Homecroft (SAF)	5th grade field trip
North Shore Railroad	\$695.00	Lakewood (SAF)	Train ride field trip
North Shore Railroad	\$750.00	Lester Park (SAF)	Train ride field trip
Mickelson Consulting, LLC	\$6,700.00*	Lincoln Park (DR)	Exploration and implementation of restorative practices
NAACP	\$2,500.00*	Office of Education Equity (DR)	Create and provide teaching points and curriculum
Equity Alliance MN	\$3,000.00*	Ordean East (DR) East (DR)	Professional development on culturally responsive practices
Intermediate District 287	TBD (based on use)	Special Education (DU)	Provide educational services to students

*** Not to Exceed:** If asterisk is noted, then the contract has a guaranteed maximum price; District may not pay more than the dollar amount listed (this does not mean the vendor will invoice this amount and may invoice much less).

**** Contract is paid via monies from:**

DR = Department Restricted (LTFM, Indian Education Funds, Compensatory, Achievement Integration)

DU = Department Unrestricted (General Fund)

G = Grant (external grants from foundations such as Northland, Duluth Superior Area Community)

SAF = Student Activity Funds (monies raised by students, gate fees, etc.)

AGREEMENT

THIS AGREEMENT, made and entered into this 3rd day of September, 2019, by and between Independent School District #709, a public corporation, hereinafter called District, and Mary Ann Marchel, an independent contractor, hereinafter called Contractor.

THE PURPOSE OF THE AGREEMENT is to set out the terms and conditions whereby Contractor will provide programs or services for the District at the times and locations set forth in this Agreement.

The terms and conditions of this Agreement are as follows

1. **Dates of Service.** This Agreement shall be deemed to be effective as of September 3, 2019, and shall remain in effect until June 8, 2020, unless terminated earlier as provided for herein, or unless and until all obligations set forth in this Agreement have been satisfactorily fulfilled, whichever occurs first.

2. **Performance.** 1.) Provide mental health consultative services for ISD 709 Duluth Early Childhood Family Education (ECFE) First Year Program. Scope of services to include observe children, consult with staff and parents as part of a collaborative team supporting families on a variety of mental health related issues. 2.) Provide group facilitation services for ISD 709 Duluth Early Childhood Family Education (ECFE) program. Scope of services to include guiding Reflective Teaching Practice team work with ECFE certified staff.

3. **Background Check .** (Applies to contractors working independent with students)

Contractor must provide an executed criminal history consent form and a money order or check payable to the District in an amount equal to the actual cost of conducting a criminal history background check on all of its employees assigned to the program. Contractor is precluded from performance of contract until the results of the criminal background check(s) are on file.

If Contractor has already completed background checks for their business needs, Contractor stipulates that the background checks are completed, on file, and will be made available for review if the District should request.

4. **Reimbursement.** In consideration of the performance of Contractor of its obligations pursuant to this Agreement, District hereby agrees to reimburse Contractor for its services and expenses in performing said obligations: For 1.) Up to a sum not to exceed \$4,500.00 at the rate of \$50.00 per hour; and for 2.) Up to a sum not to exceed \$2,400.00 at the rate of \$150.00 per hour. Contractor is required by Minnesota Statutes, Section 270.66, subd. 3, to provide their Taxpayer Identification Number (TIN) used in the enforcement of Federal and State tax laws. The TIN will be available to Federal and State tax authorities and State personnel involved in the payment of State obligations. This Agreement will not be approved unless TIN is provided.

5. **Requests for Reimbursement.** The terms of payment under this Agreement are as follows:

- a. Payment shall be made by the District within 30 days of submission of a proper invoice by the Contractor;
- b. Any other terms of payment in the performance of services are incorporated by reference in this Agreement.

6. **Propriety of Expenses.** The fact that the District has reimbursed Contractor for any expense claimed by Contractor shall not preclude District from questioning the propriety of any such item. District reserves the right to offset any overpayment or disallowance of any item or items at any time under this Agreement by reducing future payments to Contractor. This clause shall not be construed to bar any other legal remedies District may have to recover funds expended by Contractor for disallowed costs.

7. **Ownership of Materials.** The District reserves the rights to reproduce the programming in any fashion, or appropriate the contents of the programming, or any portion thereof, to its own use for any and all programs, forms and other materials that Contractor has provided, prepared, or utilized in performance of the terms of this Agreement.

8. **Independent Contractor.** Both the District and Contractor agree that they will act as an independent contractor in the performance of its duties under this Agreement. Nothing contained in this Agreement shall be construed as in any manner creating a relationship of joint venture between the parties, which shall remain independent contractors with respect to all actions performed pursuant to this Agreement.

Accordingly, Contractor shall be responsible for payment of all taxes, including Federal, State, and local taxes, arising out of Contractor's activities in accordance with this Agreement, including by way of illustration, but not limited to, Federal and State income tax, Social Security tax, Unemployment Insurance taxes, workers compensations, and any other taxes or business license fees as required.

9. **Indemnity and defense of the District.** Contractor hereby agrees to defend, indemnify and hold the District harmless from all claims relating to its work pursuant to this Agreement.

In the event that Contractor breaches its obligation to defend, indemnify and hold the District harmless, then in addition to its other damages the District shall be entitled to recover its attorney's fees and costs and disbursements incurred in enforcing this Agreement.

10. **Notices.** All notices to be given by Contractor to District shall be deemed to have been given by depositing the same in writing in the United States Mail care of Duluth Community Education, ISD 709, Duluth Public Schools, 215 North 1st Avenue East, Duluth, MN 55802. All notices to be given by District to Contractor shall be deemed to have been given by depositing the same in writing in the United States Mail care of Mary Ann Marchel, 3929 Rockview Ct., Duluth, MN 55804.

11. **Assignment.** Contractor shall not in any way assign or transfer any of its rights, interests or obligations under this Agreement in any way whatsoever without the prior written approval of the District.

12. **Modification or Amendment.** No amendment, change or modification of this Agreement shall be valid unless in writing signed by the parties' hereto.

13. **Governing Laws.** This Agreement, together with all its paragraphs, terms and provisions is made in the State of Minnesota and shall be construed and interpreted in accordance with the laws of the State of Minnesota.

14. **Entire Agreement.** This Agreement contains the entire understanding of the parties hereto with respect to the subject matter hereof and shall not be changed or otherwise altered except by written agreement of the parties.

15. **Cancellation.** Either party shall have the right to terminate this Agreement, without cause, upon (30) days written notice to the other party as provided for in this Agreement.

16. **Data Practices.** Contractor further understands and agrees that it shall be bound by the Minnesota Government Data Practices Act (Minnesota Statutes 13.03-13.04) with respect to "data on individuals"; as defined in 13.02, subd. 5 of that Statute) which it collects, receives, stores, uses, creates or disseminates pursuant to this Agreement.

17. **Insurance.** (If applicable) Contractor shall not commence work under the contract until they have obtained all the insurance described below and Duluth Public Schools has approved such insurance. Contractor shall maintain such insurance in force and effect throughout the term of the contract.


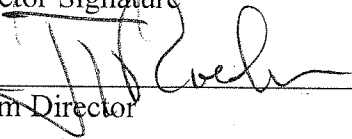
Contractor is required to maintain and furnish satisfactory evidence of the following insurance policies:

Workers' Compensation Insurance: Contractor must provide Worker's Compensation insurance for all its employees and, in case any work is subcontracted, Contractor will require the subcontractor to provide Workers' Compensation insurance in accordance with the statutory requirements of the State of Minnesota including Coverage B, Employer's Liability.

Commercial General Liability: Contractor is required to maintain insurance protecting it from claims for damages for bodily injury, including sickness or disease, death, and for care and loss of services as well as claims for property damage, including loss of use which may arise from operations under the Contract whether the operations are by the contractor or subcontractor or by anyone directly or indirectly employed under the contract.

18. **Conflict of Interest and Fiduciary Duty:** All contractors doing business with the District agree to follow Policy 307 - Conflicts of Interest and Fiduciary Duty. This policy is located on the District's website.

AS EVIDENCE OF THEIR ASSENT TO THE TERMS AND CONDITIONS OF THIS AGREEMENT, set forth above, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.


 Contractor Signature _____ SSN/Tax ID Number _____ Date 10/31/20

 Program Director _____ Date 11/7/19

Please note: All signatures *must* be obtained AND the following *must* be completed by the Program Director before submission to the CFO for review and approval.

This contract is funded by either (1) the following budget (include full 16-digit code), (2) will be paid using Student Activity Funds or (3) is no cost contract (e.g. Memorandum of Understanding). Please check the appropriate line below:


For Service 1.) Check if the contract will be paid using District funds and enter the budget code in the top line below.

04	580	005	211	281	130500
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For Service 2.) Check if the contract will be paid using District funds and enter the budget code in the top line below.

04	582	005	344	000	130500
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Check if the contract will be paid using Student Activity Funds
 Check if the contract is a no-cost contract such as a Memorandum of Understanding


 CFO/Superintendent of Schools/Board Chair _____ Date 11/8/19

AGREEMENT

THIS AGREEMENT, made and entered into this 9th day of November, 2019, by and between Independent School District #709, a public corporation, hereinafter called District, and Emma Van Vactor-Lee, an independent contractor, hereinafter called Contractor.

THE PURPOSE OF THE AGREEMENT is to set out the terms and conditions whereby Contractor will provide programs or services for the District at the times and locations set forth in this Agreement.

The terms and conditions of this Agreement are as follows: *(insert here or attach as appropriate)*

1. **Dates of Service.** This Agreement shall be deemed to be effective as of November 9th, 2019 and shall remain in effect until November 9th, 2019, unless terminated earlier as provided for herein, or unless and until all obligations set forth in this Agreement have been satisfactorily fulfilled, whichever occurs first.

2. **Performance.** *workshop and materials as a portion of our Cultural Competency Workshop*

3. **Background Check.** *N/A*

Contractor must provide an executed criminal history consent form and a money order or check payable to the District in an amount equal to the actual cost of conducting a criminal history background check on all of its employees assigned to the program. Contractor is precluded from performance of contract until the results of the criminal background check(s) are on file.

If Contractor has already completed background checks for their business needs, Contractor stipulates that the background checks are completed, on file, and will be made available for review if the District should request.

4. **Reimbursement.** In consideration of the performance of Contractor of its obligations pursuant to this Agreement, District hereby agrees to reimburse Contractor for its services and expenses in performing said obligations up to a sum not to exceed \$35 hourly for 8.75 hours (and \$ 306.25 in total).

Contractor is required by Minnesota Statutes, Section 270.66, subd. 3, to provide their Taxpayer Identification Number (TIN) used in the enforcement of Federal and State tax laws. The TIN will be available to Federal and State tax authorities and State personnel involved in the payment of State obligations. This Agreement will not be approved unless TIN is provided.

5. **Requests for Reimbursement.** The terms of payment under this Agreement are as follows:

- a. Payment shall be made by the District within 30 days of submission of a proper invoice by the Contractor;

- b. Any other terms of payment in the performance of services are incorporated by reference in this Agreement.

6. **Propriety of Expenses.** The fact that the District has reimbursed Contractor for any expense claimed by Contractor shall not preclude District from questioning the propriety of any such item. District reserves the right to offset any overpayment or disallowance of any item or items at any time under this Agreement by reducing future payments to Contractor. This clause shall not be construed to bar any other legal remedies District may have to recover funds expended by Contractor for disallowed costs.

7. **Ownership of Materials.** The District reserves the rights to reproduce the programming in any fashion, or appropriate the contents of the programming, or any portion thereof, to its own use for any and all programs, forms and other materials that Contractor has provided, prepared, or utilized in performance of the terms of this Agreement.

8. **Independent Contractor.** Both the District and Contractor agree that they will act as an independent contractor in the performance of its duties under this Agreement. Nothing contained in this Agreement shall be construed as in any manner creating a relationship of joint venture between the parties, which shall remain independent contractors with respect to all actions performed pursuant to this Agreement.

Accordingly, Contractor shall be responsible for payment of all taxes, including Federal, State, and local taxes, arising out of Contractor's activities in accordance with this Agreement, including by way of illustration, but not limited to, Federal and State income tax, Social Security tax, Unemployment Insurance taxes, workers compensations, and any other taxes or business license fees as required.

9. **Indemnity and defense of the District.** Contractor hereby agrees to defend, indemnify and hold the District harmless from all claims relating to its work pursuant to this Agreement.

In the event that Contractor breaches its obligation to defend, indemnify and hold the District harmless, then in addition to its other damages the District shall be entitled to recover its attorney's fees and costs and disbursements incurred in enforcing this Agreement.

10. **Notices.** All notices to be given by Contractor to District shall be deemed to have been given by depositing the same in writing in the United States Mail: ISD 709, Duluth Public Schools, Attn:Greg L. Jones , 215 North 1st Avenue East, Duluth, MN 55802.

All notices to be given by District to Contractor shall be deemed to have been given by depositing the same in writing in the United States Mail to (mailing address with zip) **Emma Van Vactor-Lee, 1941 Aldrich Avenue South, Apt. 6, Minneapolis, MN 55403.**

11. **Assignment.** Contractor shall not in any way assign or transfer any of its rights, interests or obligations under this Agreement in any way whatsoever without the prior written approval of the District.

12. **Modification or Amendment.** No amendment, change or modification of this Agreement shall be valid unless in writing signed by the parties' hereto.

13. **Governing Laws.** This Agreement, together with all its paragraphs, terms and provisions is made in the State of Minnesota and shall be construed and interpreted in accordance with the laws of the State of Minnesota.

14. **Entire Agreement.** This Agreement contains the entire understanding of the parties hereto with respect to the subject matter hereof and shall not be changed or otherwise altered except by written agreement of the parties.

15. **Cancellation.** Either party shall have the right to terminate this Agreement, without cause, upon (30) days written notice to the other party as provided for in this Agreement.

16. **Data Practices.** Contractor further understands and agrees that it shall be bound by the Minnesota Government Data Practices Act (Minnesota Statutes 13.03-13.04) with respect to "data on individuals"; as defined in 13.02, subd. 5 of that Statute) which it collects, receives, stores, uses, creates or disseminates pursuant to this Agreement.

17. **Insurance.** (If applicable) Contractor shall not commence work under the contract until they have obtained all the insurance described below and Duluth Public Schools has approved such insurance. Contractor shall maintain such insurance in force and effect throughout the term of the contract.

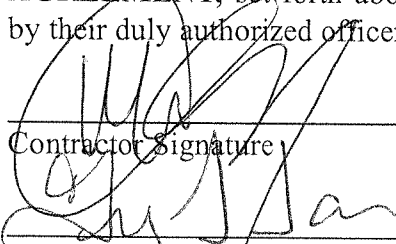

Contractor is required to maintain and furnish satisfactory evidence of the following insurance policies:

Workers' Compensation Insurance: Contractor must provide Workers' Compensation insurance for all its employees and, in case any work is subcontracted, Contractor will require the subcontractor to provide Workers' Compensation insurance in accordance with the statutory requirements of the State of Minnesota including Coverage B, Employer's Liability.

Commercial General Liability: Contractor is required to maintain insurance protecting it from claims for damages for bodily injury, including sickness or disease, death, and for care and loss of services as well as claims for property damage, including loss of use which may arise from operations under the Contract whether the operations are by the contractor or subcontractor or by anyone directly or indirectly employed under the contract.

18. **Conflict of Interest and Fiduciary Duty:** All contractors doing business with the District agree to follow Policy 307 - Conflicts of Interest and Fiduciary Duty. This policy is located on the District's website.

AS EVIDENCE OF THEIR ASSENT TO THE TERMS AND CONDITIONS OF THIS AGREEMENT, set forth above, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.


 Contractor Signature _____ SSN/Tax ID Number _____ Date 10-9-19

 Program Director _____ Date 11/11/19

Please note: All signatures *must* be obtained AND the following *must* be completed by the Program Director before submission to the CFO for review and approval.

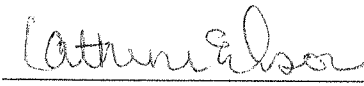
This contract is funded by either (1) the following budget (include full 16 digit code), (2) will be paid using Student Activity Funds or (3) is no cost contract (e.g. Memorandum of Understanding). Please check the appropriate line below:

X Check if the contract will be paid using District funds and enter the budget code in the top line below.

01	640	012	000	153	130500
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_____ Check if the contract will be paid using Student Activity Funds

_____ Check if the contract is a no-cost contract such as a Memorandum of Understanding


 CFO/Superintendent of Schools/Board Chair _____ Date 11-11-19

DECC

DULUTH ENTERTAINMENT CONVENTION CENTER RENTAL AGREEMENT

THE ENTIRE DECC COMPLEX IS A NON-SMOKING FACILITY

In consideration of the fees and covenants herein expressed by the DULUTH ENTERTAINMENT CONVENTION CENTER AUTHORITY, an Authority created by charter by the State of Minnesota, herein referred to as the "DECC" does hereby give permission to the following:

Organization/Company Name: **East High School**
(hereinafter referred to as the "Permittee")

Address: **Duluth East High School, 301 North 40th Avenue East, Duluth, MN, 55804**

Telephone: **218-336-8845, ext. 2311**

Contact Name: **Jerry Upton**

For the Sole Purpose of: **East High School Holiday Concert 2019**

To use the following specified facilities of the Duluth Entertainment Convention Center on the following day(s):

December 19-20, 2019 (Thursday-Friday)

Symphony Hall (Thursday Set-up/Friday Rehearsal & Concert)
Paulucci Hall (Friday Staging)

1. The rent to be paid by the Permittee is in the amount and on the basis and terms as follows:

\$2,745.00 (Two Thousand Seven Hundred Forty-Five Dollars and no cents)

Plus the following:

Equipment List and Audio-Visual - (Effective 1/2019) or current rates

Catering and/or Exhibit Arrangements by Separate Agreement

2. ~~A \$1,000.00 non-refundable deposit is required thirty (30) business days after receiving this contract.~~ Remaining balance will be billed and due upon receipt.
3. All food and beverage must be purchased through the Duluth Entertainment Convention Center. A pre-determined menu is required for all meal functions. The DECC requires that menu selections be made at least four (4) weeks prior to the event.
4. Because the DECC prepares for the number of meals guaranteed, a guaranteed number of meals is required 5 business days in advance. This number is not subject to reduction within this 5-business day period. Permittee will be charged for the number guaranteed, unless additional meals are served. If no guarantee is received, Permittee will be charged for the number on the catering confirmation.
5. Permittee agrees not to use any decorative materials prohibited by city ordinance including, but not limited to, crepe paper (flameproof or not), cellophane (shredded or not), confetti, cornstalks, and helium balloons. Display items may not be affixed to any wall, floor or ceiling with nails, staples, tape or any other substance.
6. Permittee agrees not to stage any act or performance in which fire or flame is involved without first seeking written permission from the Fire Prevention Bureau of the City of Duluth.

7. The DECC will use its best efforts to accommodate the Permittee with specified rooms, however, should the circumstances warrant, the DECC reserves the right to move the event from one room to another. Advance notification will be made should this situation arise.
8. The DECC is a **smoke free building**. We request that only *designated* outside areas be used.
9. Permittee shall indemnify and hold the DECC harmless of and free from any and all loss, damage, or injury to any person or persons, whomsoever, or property arising from the use of described facilities.
10. Insurance is required for any group over 500 people or when the event is open to the public. Permittee agrees to obtain, at its own cost and expense, public liability insurance in the sum of not less than \$500,000.00 for each person injured or killed, and not less than \$1,000,000.00 for the injury or death of two or more persons in any one occurrence, and property damage in the sum of not less than \$100,000.00 for each occurrence. All policies of insurance **shall name the City of Duluth and The Duluth Entertainment Convention Center Authority as additional insured** and shall contain a provision that such policy shall not be canceled without thirty (30) days written notice to the Duluth Entertainment Convention Center Authority. Permittee shall, at the time of the execution of this agreement, furnish the DECC with a copy of said policy or policies, or a certificate or certificates that such insurance has been issued.
11. The DECC is the official exhibit decorator for the Duluth Entertainment Convention Center. The DECC agrees to receive display materials one week prior to the opening of any show. The DECC will utilize reasonable efforts to secure and safeguard said display items while in storage. However, the Permittee shall be fully responsible for such materials while in storage.
12. This contract shall be binding by the DECC and the Permittee, its successors or assignees. The Permittee and the DECC agree that the DECC will not be liable for non-performance of this contract when non-performance is attributable to events beyond reasonable control of the DECC such as acts of God, national emergencies, and inoperable building conditions.
13. Permittee shall not assign or transfer this agreement, or sublet any portion thereof, without the written consent of the DECC. The Permittee herein is an independent contractor and not the agent or employee of the DECC.
14. The DECC reserves the right to refuse the sale or distribution of any or all novelty items or merchandise which the DECC deems offensive or objectionable.
15. The DECC will provide standard room-set per room used, public address system, heat, light, ventilation, air conditioning, building maintenance, janitorial services and building attendant.
16. The City represents, to the best of its knowledge, that the Duluth Entertainment Convention Center meets applicable requirements of the Americans with Disabilities Act (ADA) of 1990 and will hold harmless the Permittee from any claims of violations or non-compliance with the ADA that are beyond the control of the Permittee.
17. The DECC is the official decorator for the installation of exhibit booths, decorations, etc. The DECC and Permittee shall enter separate contract for decorator and convention services. You are welcome to bring in free of charge, any custom booths and custom items from your decorator. However, if they are standard items that we could supply Permittee agrees to pay 50% upcharge on services of any outside decorating firm on what our current year prices would have been. Permittee shall be responsible to Executive Director for any damage to building through erection of such booths or decorations. The DECC agrees to receive display material and equipment one week prior to the opening of any show, however, the Permittee shall hold full responsibility for such material while in storage. The DECC, its employees, or its assigns shall install all electrical outlets and cables to the booth area at the specified rates as established in Electrical Order Form. Permittee agrees to compensate the DECC for any loss of equipment or damage to any wiring, from any cause, to furnish the Permittee the use of the facilities herein described. Permittee further agrees to reimburse the DECC for any loss of equipment or damage to any wiring, from any cause, during the running of the show excepting that of natural wear of the electrical equipment. The DECC shall furnish the Permittee an inventory of such equipment at time of installation.

IN WITNESS WHEREOF, the DECC has caused these presents to be signed by its Executive Director or Authorized Representative, and the Permittee has executed the same the day and date first written.

Dated this 24th day of October, 2019

DULUTH ENTERTAINMENT CONVENTION CENTER

By: _____

Executive Director
Duluth Entertainment Convention Center
(DECC)

Catharine Eber

Permittee Signature

CFO

Permittee Title

11/1/19

Date

AGREEMENT

THIS AGREEMENT, made and entered into this 24th day of September, 2019, by and between Independent School District #709, a public corporation, hereinafter called District, and Interquest Canines, an independent contractor, hereinafter called Contractor.

THE PURPOSE OF THE AGREEMENT is to set out the terms and conditions whereby Contractor will provide programs or services for the District at the times and locations set forth in this Agreement.

The terms and conditions of this Agreement are as follows: *(insert here or attach as appropriate)*

1. **Dates of Service.** This Agreement shall be deemed to be effective as of September 24, 2019 and shall remain in effect until June 6, 2020, unless terminated earlier as provided for herein, or unless and until all obligations set forth in this Agreement have been satisfactorily fulfilled, whichever occurs first.

2. **Performance.** *(insert or attach a list of programs/services to be performed by contractor)*
Interquest shall provide contraband inspection services utilizing non-aggressive contraband detection canines. Such inspections may be conducted on an unannounced basis under the auspices and direction of administration with Interquest acting as an agent of the district while conducting such inspections. Communal areas, lockers, gym areas, parking lots (automobiles), grounds, and other select areas as directed by district officials, shall be subject to inspection. Contraband detected on district property is the responsibility of the district. Suspected drugs of abuse may be field tested to provide preliminary or presumptive identification of the drug.

3. **Background Check.** *(applies to contractors working independent with students)*

Contractor must provide an executed criminal history consent form and a money order or check payable to the District in an amount equal to the actual cost of conducting a criminal history background check on all of its employees assigned to the program. Contractor is precluded from performance of contract until the results of the criminal background check(s) are on file.

If Contractor has already completed background checks for their business needs, Contractor stipulates that the background checks are completed, on file, and will be made available for review if the District should request.

4. **Reimbursement.** In consideration of the performance of Contractor of its obligations pursuant to this Agreement, District hereby agrees to reimburse Contractor for its services and expenses in performing said obligations up to a sum not to exceed \$1500 (up to 4 visits each for East).

Contractor is required by Minnesota Statutes, Section 270.66, subd. 3, to provide their Taxpayer Identification Number (TIN) used in the enforcement of Federal and State tax laws. The TIN

will be available to Federal and State tax authorities and State personnel involved in the payment of State obligations. This Agreement will not be approved unless TIN is provided.

5. Requests for Reimbursement. The terms of payment under this Agreement are as follows:

- a. Payment shall be made by the District within 30 days of submission of a proper invoice by the Contractor;
- b. Any other terms of payment in the performance of services are incorporated by reference in this Agreement.

6. Propriety of Expenses. The fact that the District has reimbursed Contractor for any expense claimed by Contractor shall not preclude District from questioning the propriety of any such item. District reserves the right to offset any overpayment or disallowance of any item or items at any time under this Agreement by reducing future payments to Contractor. This clause shall not be construed to bar any other legal remedies District may have to recover funds expended by Contractor for disallowed costs.

7. Ownership of Materials. The District reserves the rights to reproduce the programming in any fashion, or appropriate the contents of the programming, or any portion thereof, to its own use for any and all programs, forms and other materials that Contractor has provided, prepared, or utilized in performance of the terms of this Agreement.

8. Independent Contractor. Both the District and Contractor agree that they will act as an independent contractor in the performance of its duties under this Agreement. Nothing contained in this Agreement shall be construed as in any manner creating a relationship of joint venture between the parties, which shall remain independent contractors with respect to all actions performed pursuant to this Agreement.

Accordingly, Contractor shall be responsible for payment of all taxes, including Federal, State, and local taxes, arising out of Contractor's activities in accordance with this Agreement, including by way of illustration, but not limited to, Federal and State income tax, Social Security tax, Unemployment Insurance taxes, workers compensations, and any other taxes or business license fees as required.

9. Indemnity and defense of the District. Contractor hereby agrees to defend, indemnify and hold the District harmless from all claims relating to its work pursuant to this Agreement.

In the event that Contractor breaches its obligation to defend, indemnify and hold the District harmless, then in addition to its other damages the District shall be entitled to recover its attorney's fees and costs and disbursements incurred in enforcing this Agreement.

10. Notices. All notices to be given by Contractor to District shall be deemed to have been given by depositing the same in writing in the United States Mail: ISD 709, Duluth Public Schools, Attn: _____, 215 North 1st Avenue East, Duluth, MN 55802.

All notices to be given by District to Contractor shall be deemed to have been given by depositing the same in writing in the United States Mail to (mailing address with zip) Interquest Canines, 34501 640th Ave., Wadena, MN 56482. .

11. **Assignment.** Contractor shall not in any way assign or transfer any of its rights, interests or obligations under this Agreement in any way whatsoever without the prior written approval of the District.

12. **Modification or Amendment.** No amendment, change or modification of this Agreement shall be valid unless in writing signed by the parties' hereto.

13. **Governing Laws.** This Agreement, together with all its paragraphs, terms and provisions is made in the State of Minnesota and shall be construed and interpreted in accordance with the laws of the State of Minnesota.

14. **Entire Agreement.** This Agreement contains the entire understanding of the parties hereto with respect to the subject matter hereof and shall not be changed or otherwise altered except by written agreement of the parties.

15. **Cancellation.** Either party shall have the right to terminate this Agreement, without cause, upon (30) days written notice to the other party as provided for in this Agreement.

16. **Data Practices.** Contractor further understands and agrees that it shall be bound by the Minnesota Government Data Practices Act (Minnesota Statutes 13.03-13.04) with respect to "data on individuals"; as defined in 13.02, subd. 5 of that Statute) which it collects, receives, stores, uses, creates or disseminates pursuant to this Agreement.

17. **Insurance.** (If applicable) Contractor shall not commence work under the contract until they have obtained all the insurance described below and Duluth Public Schools has approved such insurance. Contractor shall maintain such insurance in force and effect throughout the term of the contract.

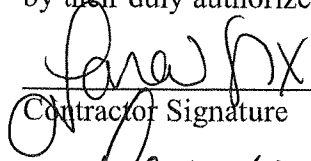
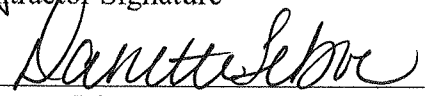
Contractor is required to maintain and furnish satisfactory evidence of the following insurance policies:

Workers' Compensation Insurance: Contractor must provide Worker's Compensation insurance for all its employees and, in case any work is subcontracted, Contractor will require the subcontractor to provide Workers' Compensation insurance in accordance with the statutory requirements of the State of Minnesota including Coverage B, Employer's Liability.

Commercial General Liability: Contractor is required to maintain insurance protecting it from claims for damages for bodily injury, including sickness or disease, death, and for care and loss of services as well as claims for property damage, including loss of use which may arise from operations under the Contract whether the operations are by the contractor or subcontractor or by anyone directly or indirectly employed under the contract.

18. **Conflict of Interest and Fiduciary Duty:** All contractors doing business with the District agree to follow Policy 307 - Conflicts of Interest and Fiduciary Duty. This policy is located on the District's website.

AS EVIDENCE OF THEIR ASSENT TO THE TERMS AND CONDITIONS OF THIS AGREEMENT, set forth above, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.


 Contractor Signature _____ SSN/Tax ID Number _____ Date 10/10/2019

 Program Director _____ Date 10/10/19

Please note: All signatures *must* be obtained AND the following *must* be completed by the Program Director before submission to the CFO for review and approval.


This contract is funded by either (1) the following budget (include full 16 digit code), (2) will be paid using Student Activity Funds or (3) is no cost contract (e.g. Memorandum of Understanding). Please check the appropriate line below:

_____ Check if the contract will be paid using District funds and enter the budget code in the top line below.

XX	XXX	XXX	XXX	XXX	XXXXXXX

X Check if the contract will be paid using Student Activity Funds

_____ Check if the contract is a no-cost contract such as a Memorandum of Understanding


 CFO/Superintendent of Schools/Board Chair _____ Date 11-18-19



WOLF RIDGESM

ENVIRONMENTAL LEARNING CENTER

Program Contract

School Groups

Chad Humphreys	chad.humphreys@isd709.org
Homecroft Elementary 4784 Howard Gnesen Rd, Duluth MN 55803	Is the Coordinator's name correct? If not, please correct below: New Coordinator name: Email Address:
Deposit: You have made a reservation to stay for March 9, 2020 - March 11, 2020 with 80 participants. To hold your reservation we require a deposit of \$1,200.00. This contract is valid for 30 days after receipt.	
Cancellation Policy: Cancellations require 60 days' notice prior to your scheduled arrival date to receive a full deposit refund. *Notify us immediately if you need to cancel this reservation.	

By signing below, I agree to the terms listed above:

Printed Name: Chad Humphreys	Title: Classroom teacher	
Signed Name <i>Chad Humphreys</i>	Date 11-6-19	
Billing Contact: Billing email address:	Billing Address:	
Cardholders Name: <input type="checkbox"/> same as billing contact	Cardholders address: <input type="checkbox"/> same as billing address	
Credit Card #	Exp Date:	CVV:
If unable to pay at this time, when can we expect your deposit?		

Catherine Erickson
Catherine A. Erickson, CFO

Return to: 6282 Cranberry Rd - Finland, MN 55603 or fax to: 218-353-7762

Today's Date: November 6, 2019



Duluth & North Shore Railway, Inc.
 d.b.a. North Shore Scenic Railroad
 506 West Michigan Street Duluth, MN 55802
 (800)423-1273 (218)722-1273
 Fax (218)733-7596
 E-mail trains@northshorescenicrailroad.org

2019 RAIL CHARTER CONTRACT

This contract is made between the DULUTH & NORTH SHORE RAILWAY, Inc d.b.a. NORTH SHORE SCENIC RAILROAD (NSSR) (hereafter called Operator) and Lakewood Elementary (hereafter called Chartering Party). The Chartering Party's authorized representative is Katie Stresow, 576-7374, Katie.stresow@isd709.org

TERMS OF CHARTER

In consideration of payments made and performance herein specified on the part of the Chartering Party, the Operator shall provide rolling stock and crew for the benefit of the Chartering Party excursion. The Conductor shall be responsible for the operation of the rolling stock that the Operator warrants to be rail worthy. The train excursion will depart from: **Duluth Depot.**

On Wednesday, **December 18th, 2019** the Operator will provide an excursion for the Chartering Party. The rolling stock (train) will be used exclusively for the transportation of passengers on a pleasure excursion on the Lake Front Line. The rolling stock of **Coach seating for up to 100** will be available for the purpose of loading and unloading passenger's ten minutes prior and ten minutes following the chartered time without additional charge. The Operator reserves the right to substitute the rolling stock, but will usually notify the Chartering Party. Trains are subject to delays at no fault to the Operator.

The total number of passengers is estimated to be **20 chaperones, 76 kids**, and will be finalized 10 business days prior to excursion date. This will be the final number of amounts owed if there are any per-person costs.

The schedule will have the train pickup passengers at 52nd Ave East in Duluth, then travel to the Depot for the Christmas City Express performance/storytelling in the train museum, followed by some time to wander the museum, with tables setup for lunch (provided by Chartering Party) by the Operator. The train will depart to return passengers back to 52nd Ave East between 12:30 and 1pm.

FEES

The Chartering Party agrees to pay the total sum of **\$695**. This cost includes a **roundtrip** excursion to **the Duluth Depot and back (52nd Ave)**. The price above includes a **\$45 fee for table/chair setup and cleanup**.

DEPOSIT & PAYMENTS

A signed copy of this contract must be returned within 30 days of its issue, with a \$50 non-refundable booking fee, put towards the total listed above. A deposit of **\$347.50** (1/2 total costs) is due within 1 month of the scheduled charter event. The remaining amount is due upon arrival prior to departure. Failure by the Chartering Party to return a signed copy of this agreement and the deposit by the due date will result in the cancellation of the reservation date at the sole discretion of the Operator without notification to the Chartering Party.

Total fees as indicated above are due and payable in full before boarding will begin unless prior arrangements are made and approved in writing by the Business Manager of the North Shore Scenic Railroad. There can be no more than 4 payment transactions, and all payments will process through the chartering party and operator (no individual transactions).

CANCELLATION & REFUNDS

The Chartering Party must cancel the reserved excursion at least 10 business days prior to departure to receive ninety percent reimbursement of deposit. Any cancellation made after 10 business days prior to departure will result in forfeiture of the entire deposit. Full refund of the initial deposit plus any additional payments will be made on account of equipment breakdown, lay up for repairs or any other occurrence which causes the Operator to cancel the excursion. The Chartering Party releases the Operator from any damage resulting from such cancellation. In the case of difficulty the Operator reserves the option to furnish the Chartering Party with substitute equipment and/or rolling stock. If a damage deposit is required, it will be refunded by mail within 10 days of the charter date providing no damage occurred to the rolling stock or other equipment by the Chartering Party, its members or guests. Damage in excess of the damage deposit will be the responsibility of the Chartering Party. The \$50 booking fee, is a non-refundable fee applied to the total expenses.

CONDITIONS

The Chartering Party assumes responsibility for the maintenance of order and the conduct of passengers aboard the rolling stock during the terms of this excursion and shall not engage in or permit guests brought aboard the rolling stock by the Chartering Party to engage in any unlawful acts or to cause damage to any of the Operator's equipment. The Chartering Party agrees to indemnify and hold the Operator harmless from any loss or claim of loss or damage which the Operator might incur as a result of failure by the Chartering Party to observe the conditions of this agreement.

Any violation of this Charter Agreement by the Chartering Party shall enable the Operator to terminate this agreement. If such a violation occurs while the rolling stock is underway, the Operator may proceed immediately to the station and all passengers will disembark. A termination of this agreement while underway shall result in the forfeiture of the Charter fee and in some cases results in additional penalty fees for broken or damaged equipment.

Any extension of the Charter period, once the excursion is underway, shall be made only with the consent of the Business and Operations Managers.

This excursion, sponsored by the Chartering Party is adhered to all Policies of the Operator, including Alcohol Policies, requiring all passengers over the age of 21 to have a valid ID. No outside alcohol is allowed on the train, no illegal substances, and no weapons are allowed on the train. Passengers are subject to search prior to boarding, and we reserve the right to search any bags or carry-ons. Any Marketing for the event will need to include this information to assure all passengers are compliant with the policies of the Operator. The Operator reserves the right to require security personnel to be hired.

In the event that the Chartering Party causes a delay to the operation of a scheduled train, without having given Operator adequate prior notice of such delay, Operator shall have the sole right to assess a penalty fee of \$900 for any delay in excess of 20 minutes to a scheduled train departure. Further penalties may be assessed depending upon additional delay, per 20 minute period. Chartering Party shall have passengers available for boarding not less than 10 minutes prior to scheduled train departure. Any such penalty shall be paid by the Chartering Party within 5 days of the operating date

Catherine Edler
 CHARTERING PARTY AGENT signature
Catherine A Edler, CFO
 CHARTERING PARTY AGENT print name

Josh Miller
 NORTH SHORE SCENIC RAILROAD AGENT
Josh Miller, Station Manager
 NSSR AGENT print name

Date: 11/18/19

Date: 11/4/2019

Please SIGN & RETURN a copy of this contract within 10 business days.



Duluth & North Shore Railway, Inc.
 d.b.a. North Shore Scenic Railroad
 506 West Michigan Street Duluth, MN 55802
 (800)423-1273 (218)722-1273
 Fax (218)733-7596
 E-mail trains@northshorescenicrailroad.org

2019 RAIL CHARTER CONTRACT

This contract is made between the DULUTH & NORTH SHORE RAILWAY, Inc d.b.a. NORTH SHORE SCENIC RAILROAD (NSSR) (hereafter called Operator) and Lester Park Elementary (hereafter called Chartering Party). The Chartering Party's authorized representative is Annette Loiseau, Annette.loiseau@isd709.org, 336-8875

TERMS OF CHARTER

In consideration of payments made and performance herein specified on the part of the Chartering Party, the Operator shall provide rolling stock and crew for the benefit of the Chartering Party excursion. The Conductor shall be responsible for the operation of the rolling stock that the Operator warrants to be rail worthy. The train excursion will depart from: **54th Ave East**.

On **WEDNESDAY December 11th, 2019 at 9:30am** the Operator will provide an excursion for the Chartering Party. The rolling stock (train) will be used exclusively for the transportation of passengers on a pleasure excursion on the Lake Front Line. The rolling stock of **Coach seating for up to 150 persons** will be available for the purpose of loading and unloading passenger's ten minutes prior and ten minutes following the chartered time without additional charge. The Operator reserves the right to substitute the rolling stock, but will usually notify the Chartering Party. Trains are subject to delays at no fault to the Operator.

The total number of passengers is estimated to be **125 students (plus a few chaperones)** and will be finalized by date 10 business days prior to excursion dates. A performance in the museum and museum touring-time will be included in this excursion.

FEES

The Chartering Party agrees to pay the total sum of **\$6 per student or a minimum threshold of \$500**. This is an estimated total cost of \$750. This cost includes a **roundtrip excursion to Duluth Depot and Back (54th ave east)**

DEPOSIT & PAYMENTS

A signed copy of this contract must be returned within 30 days of its issue, with a \$50 non-refundable booking fee, put towards the total listed above. A deposit of **\$375 (1/2 total costs)** is due within 1 month of the scheduled charter event. The remaining amount is due upon arrival prior to departure. Failure by the Chartering Party to return a signed copy of this agreement and the deposit by the due date will result in the cancellation of the reservation date at the sole discretion of the Operator without notification to the Chartering Party.

Total fees as indicated above are due and payable in full before boarding will begin unless prior arrangements are made and approved in writing by the Business Manager of the North Shore Scenic Railroad. There can be no more than 10 payment transactions

CANCELLATION & REFUNDS

The Chartering Party must cancel the reserved excursion at least 10 business days prior to departure to receive ninety percent reimbursement of deposit. Any cancellation made after 10 business days prior to departure will result in forfeiture of the entire deposit. Full refund of the initial deposit plus any additional payments will be made on account of equipment breakdown, lay up for repairs or any other occurrence which causes the Operator to cancel the excursion. The Chartering Party releases the Operator from any damage resulting from such cancellation. In the case of difficulty the Operator reserves the option to furnish the Chartering Party with substitute equipment and/or rolling stock. If a damage deposit is required, it will be refunded by mail within 10 days of the charter date providing no damage occurred to the rolling stock or other equipment by the Chartering Party, its members or guests. Damage in excess of the damage deposit will be the responsibility of the Chartering Party. The \$50 booking fee, is a non-refundable fee applied to the total expenses.

CONDITIONS

The Chartering Party assumes responsibility for the maintenance of order and the conduct of passengers aboard the rolling stock during the terms of this excursion and shall not engage in or permit guests brought aboard the rolling stock by the Chartering Party to engage in any unlawful acts or to cause damage to any of the Operator's equipment. The Chartering Party agrees to indemnify and hold the Operator harmless from any loss or claim of loss or damage which the Operator might incur as a result of failure by the Chartering Party to observe the conditions of this agreement.

Any violation of this Charter Agreement by the Chartering Party shall enable the Operator to terminate this agreement. If such a violation occurs while the rolling stock is underway, the Operator may proceed immediately to the station and all passengers will disembark. A termination of this agreement while underway shall result in the forfeiture of the Charter fee and in some cases results in additional penalty fees for broken or damaged equipment.

Any extension of the Charter period, once the excursion is underway, shall be made only with the consent of the Business and Operations Managers.

This excursion, sponsored by the Chartering Party is adhered to all Policies of the Operator, including Alcohol Policies, requiring all passengers over the age of 21 to have a valid ID. No outside alcohol is allowed on the train, no illegal substances, and no weapons are allowed on the train. Passengers are subject to search prior to boarding, and we reserve the right to search any bags or carry-ons. Any Marketing for the event will need to include this information to assure all passengers are compliant with the policies of the Operator. The Operator reserves the right to require security personnel to be hired.

In the event that the Chartering Party causes a delay to the operation of a scheduled train, without having given Operator adequate prior notice of such delay, Operator shall have the sole right to assess a penalty fee of \$900 for any delay in excess of 20 minutes to a scheduled train departure. Further penalties may be assessed depending upon additional delay, per 20 minute period. Chartering Party shall have passengers available for boarding not less than 10 minutes prior to scheduled train departure. Any such penalty shall be paid by the Chartering Party within 5 days of the operating date

Catherine Erickson

 CHARTERING PARTY AGENT signature
Catherine A Erickson

 CHARTERING PARTY AGENT print name

Josh Miller

 NORTH SHORE SCENIC RAILROAD AGENT
 Josh Miller, Station Manager

 NSSR AGENT print name

Date: 11-21-19

Date: 11/13/2019

Please SIGN & RETURN a copy of this contract within 10 business days.

AGREEMENT

THIS AGREEMENT, made and entered into this 1st day of October, 2019, by and between Independent School District #709, a public corporation, hereinafter called District, and Mickelson Consulting LLC, an independent contractor, hereinafter called Contractor.

THE PURPOSE OF THE AGREEMENT is to set out the terms and conditions whereby Contractor will provide programs or services for the District at the times and locations set forth in this Agreement.

The terms and conditions of this Agreement are as follows:

1. **Dates of Service.** This Agreement shall be deemed to be effective as of October 1, 2019 and shall remain in effect until June 30, 2020, unless terminated earlier as provided for herein, or unless and until all obligations set forth in this Agreement have been satisfactorily fulfilled, whichever occurs first.

2. **Performance.** *Attach a list of programs/services to be performed by contractor)*

3. **Background Check.** *(applies to contractors working independent with students)*

Contractor must provide an executed criminal history consent form and a money order or check payable to the District in an amount equal to the actual cost of conducting a criminal history background check on all of its employees assigned to the program. Contractor is precluded from performance of contract until the results of the criminal background check(s) are on file.

If Contractor has already completed background checks for their business needs, Contractor stipulates that the background checks are completed, on file, and will be made available for review if the District should request.

4. **Reimbursement.** In consideration of the performance of Contractor of its obligations pursuant to this Agreement, District hereby agrees to reimburse Contractor for its services and expenses in performing said obligations up to a sum not to exceed \$6,700 in total.

Contractor is required by Minnesota Statutes, Section 270.66, subd. 3, to provide their Taxpayer Identification Number (TIN) used in the enforcement of Federal and State tax laws. The TIN will be available to Federal and State tax authorities and State personnel involved in the payment of State obligations. This Agreement will not be approved unless TIN is provided.

5. **Requests for Reimbursement.** The terms of payment under this Agreement are as follows:

- a. Payment shall be made by the District within 30 days of submission of a proper invoice by the Contractor;
- b. Any other terms of payment in the performance of services are incorporated by reference in this Agreement.

6. **Propriety of Expenses.** The fact that the District has reimbursed Contractor for any expense claimed by Contractor shall not preclude District from questioning the propriety of any such item. District reserves the right to offset any overpayment or disallowance of any item or items at any time under this Agreement by reducing future payments to Contractor. This clause shall not be construed to bar any other legal remedies District may have to recover funds expended by Contractor for disallowed costs.

7. **Ownership of Materials.** The District reserves the rights to reproduce the programming in any fashion, or appropriate the contents of the programming, or any portion thereof, to its own use for any and all programs, forms and other materials that Contractor has provided, prepared, or utilized in performance of the terms of this Agreement.

8. **Independent Contractor.** Both the District and Contractor agree that they will act as an independent contractor in the performance of its duties under this Agreement. Nothing contained in this Agreement shall be construed as in any manner creating a relationship of joint venture between the parties, which shall remain independent contractors with respect to all actions performed pursuant to this Agreement.

Accordingly, Contractor shall be responsible for payment of all taxes, including Federal, State, and local taxes, arising out of Contractor's activities in accordance with this Agreement, including by way of illustration, but not limited to, Federal and State income tax, Social Security tax, Unemployment Insurance taxes, workers compensations, and any other taxes or business license fees as required.

9. **Indemnity and defense of the District.** Contractor hereby agrees to defend, indemnify and hold the District harmless from all claims relating to its work pursuant to this Agreement.

In the event that Contractor breaches its obligation to defend, indemnify and hold the District harmless, then in addition to its other damages the District shall be entitled to recover its attorney's fees and costs and disbursements incurred in enforcing this Agreement.

10. **Notices.** All notices to be given by Contractor to District shall be deemed to have been given by depositing the same in writing in the United States Mail: ISD 709, Duluth Public Schools, Attn: Brian Kazmierczak, 215 North 1st Avenue East, Duluth, MN 55802.

All notices to be given by District to Contractor shall be deemed to have been given by depositing the same in writing in the United States Mail to Mickelson Consulting LLC, 2590 County Road 139, Barnum, MN 55707.

11. **Assignment.** Contractor shall not in any way assign or transfer any of its rights, interests or obligations under this Agreement in any way whatsoever without the prior written approval of the District.

12. **Modification or Amendment.** No amendment, change or modification of this Agreement shall be valid unless in writing signed by the parties' hereto.

13. **Governing Laws.** This Agreement, together with all its paragraphs, terms and provisions is made in the State of Minnesota and shall be construed and interpreted in accordance with the laws of the State of Minnesota.

14. **Entire Agreement.** This Agreement contains the entire understanding of the parties hereto with respect to the subject matter hereof and shall not be changed or otherwise altered except by written agreement of the parties.

15. **Cancellation.** Either party shall have the right to terminate this Agreement, without cause, upon (30) days written notice to the other party as provided for in this Agreement.

16. **Data Practices.** Contractor further understands and agrees that it shall be bound by the Minnesota Government Data Practices Act (Minnesota Statutes 13.03-13.04) with respect to "data on individuals"; as defined in 13.02, subd. 5 of that Statute) which it collects, receives, stores, uses, creates or disseminates pursuant to this Agreement.

17. **Insurance.** (If applicable) Contractor shall not commence work under the contract until they have obtained all the insurance described below and Duluth Public Schools has approved such insurance. Contractor shall maintain such insurance in force and effect throughout the term of the contract.

Contractor is required to maintain and furnish satisfactory evidence of the following insurance policies:

Workers' Compensation Insurance: Contractor must provide Worker's Compensation insurance for all its employees and, in case any work is subcontracted, Contractor will require the subcontractor to provide Workers' Compensation insurance in accordance with the statutory requirements of the State of Minnesota including Coverage B, Employer's Liability.

Commercial General Liability: Contractor is required to maintain insurance protecting it from claims for damages for bodily injury, including sickness or disease, death, and for care and loss of services as well as claims for property damage, including loss of use which may arise from operations under the Contract whether the operations are by the contractor or subcontractor or by anyone directly or indirectly employed under the contract.

18. **Conflict of Interest and Fiduciary Duty:** All contractors doing business with the District agree to follow Policy 307 - Conflicts of Interest and Fiduciary Duty. This policy is located on the District's website.

AS EVIDENCE OF THEIR ASSENT TO THE TERMS AND CONDITIONS OF THIS AGREEMENT, set forth above, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

Parake Mabels _____ Date 10/24/19
 Contractor Signature SSN/Tax ID Number

Blynn _____ Date 10/23/19
 Program Director

Please note: All signatures *must* be obtained AND the following *must* be completed by the Program Director before submission to the CFO for review and approval.

This contract is funded by either (1) the following budget (include full 16 digit code), (2) will be paid using Student Activity Funds or (3) is no cost contract (e.g. Memorandum of Understanding). Please check the appropriate line below:

Check if the contract will be paid using District funds and enter the budget code in the top line below.

01	211	225	317	000	130500

Cathleen Olson _____ Date 11-7-19
 CFO/Superintendent of Schools/Board Chair

**Mickelson Consulting LLC
Barnum, MN**

**Lincoln Park School – Restorative Practice Project Proposal
Prepared by Laraine Mickelson
Submitted 10.27. 019**

Overview: Lincoln Park School is interested in the exploration and implementation of restorative practices. This document reflects services rendered – training and consulting as noted below.

Services Rendered:

1. Circle Keeper Training for five staff
2. Classroom Instruction – September 18, 23, 26, 30 October 3, 8 - \$2700.00

Fees: Circle Keeper Training (\$195.00 per staff x 5 staff = 975.00)

Classroom Instruction – Flat Rate of \$2700.00

Contact: You may contact Mickelson Consulting LLC as follows:

Laraine Mickelson 218-390-1707

Paul Mickelson 218-310-7681

Laraine@mickelsonconsulting.org

www.mickelsonconsulting.org

We are very happy that you are considering restorative philosophy and we are excited to be working with you!

For questions regarding this proposal, please contact Laraine Mickelson.
Thank you!

AGREEMENT

THIS AGREEMENT, made and entered into this 23rd day of October , 2019 , by and between Independent School District #709, a public corporation, hereinafter called District, and the NAACP , an independent contractor, hereinafter called Contractor.

THE PURPOSE OF THE AGREEMENT is to set out the terms and conditions whereby Contractor will provide programs or services for the District at the times and locations set forth in this Agreement.

The terms and conditions of this Agreement are as follows: *(insert here or attach as appropriate)*

1. **Dates of Service.** This Agreement shall be deemed to be effective as of October 30, 2019 and shall remain in effect until June 30, 2020, unless terminated earlier as provided for herein, or unless and until all obligations set forth in this Agreement have been satisfactorily fulfilled, whichever occurs first.

2. **Performance.** The NAACP will create and provide teaching points and curriculum centered around Dr. Martin Luther King Jr's "Give Us the Ballot and We Will Transform the South." This will include but not be limited to:

- Providing the Speech by Dr. MLK, Jr.
- Including Talking Points and Additional Resources
- Providing worksheet(s) with ideas on exploring the theme and its relevance to students
- Providing Coloring Page(s)
- Providing Digital Images to Use in Presentations

Materials will be completed and ready by December 1, 2019 to begin school visits with teachers to show them ways in which to use the materials. The MLK Committee would be willing to visit up to six schools to make presentations. Following is a preferred list of schools to visit:

- Laura MacArthur Elementary
- Myers-Wilkins Elementary
- Piedmont Elementary
- Lincoln Park Middle School
- Denfeld High School
- Duluth East High School

3. **Background Check.** *(applies to contractors working independent with students)*

Contractor must provide an executed criminal history consent form and a money order or check payable to the District in an amount equal to the actual cost of conducting a criminal history background check on all of its employees assigned to the program. Contractor is precluded from performance of contract until the results of the criminal background check(s) are on file.

If Contractor has already completed background checks for their business needs, Contractor stipulates that the background checks are completed, on file, and will be made available for review if the District should request.

4. **Reimbursement.** In consideration of the performance of Contractor of its obligations pursuant to this Agreement, District hereby agrees to reimburse Contractor for its services and expenses in performing said obligations up to a sum not to exceed \$2,500.00 in total.

Contractor is required by Minnesota Statutes, Section 270.66, subd. 3, to provide their Taxpayer Identification Number (TIN) used in the enforcement of Federal and State tax laws. The TIN will be available to Federal and State tax authorities and State personnel involved in the payment of State obligations. This Agreement will not be approved unless TIN is provided.

5. **Requests for Reimbursement.** The terms of payment under this Agreement are as follows:

- a. Payment shall be made by the District within 30 days of submission of a proper invoice by the Contractor;
- b. Any other terms of payment in the performance of services are incorporated by reference in this Agreement.

6. **Propriety of Expenses.** The fact that the District has reimbursed Contractor for any expense claimed by Contractor shall not preclude District from questioning the propriety of any such item. District reserves the right to offset any overpayment or disallowance of any item or items at any time under this Agreement by reducing future payments to Contractor. This clause shall not be construed to bar any other legal remedies District may have to recover funds expended by Contractor for disallowed costs.

7. **Ownership of Materials.** The District reserves the rights to reproduce the programming in any fashion, or appropriate the contents of the programming, or any portion thereof, to its own use for any and all programs, forms and other materials that Contractor has provided, prepared, or utilized in performance of the terms of this Agreement.

8. **Independent Contractor.** Both the District and Contractor agree that they will act as an independent contractor in the performance of its duties under this Agreement. Nothing contained in this Agreement shall be construed as in any manner creating a relationship of joint venture between the parties, which shall remain independent contractors with respect to all actions performed pursuant to this Agreement.

Accordingly, Contractor shall be responsible for payment of all taxes, including Federal, State, and local taxes, arising out of Contractor's activities in accordance with this Agreement, including by way of illustration, but not limited to, Federal and State income tax, Social Security tax, Unemployment Insurance taxes, workers compensations, and any other taxes or business license fees as required.

9. **Indemnity and defense of the District.** Contractor hereby agrees to defend, indemnify and hold the District harmless from all claims relating to its work pursuant to this Agreement.

In the event that Contractor breaches its obligation to defend, indemnify and hold the District harmless, then in addition to its other damages the District shall be entitled to recover its attorney's fees and costs and disbursements incurred in enforcing this Agreement.

10. **Notices.** All notices to be given by Contractor to District shall be deemed to have been given by depositing the same in writing in the United States Mail: ISD 709, Duluth Public Schools, Attn: William Howes, Office of Education Equity , 215 North 1st Avenue East, Duluth, MN 55802.

All notices to be given by District to Contractor shall be deemed to have been given by depositing the same in writing in the United States Mail to: NAACP, PO Box 494, Duluth, MN 55801

11. **Assignment.** Contractor shall not in any way assign or transfer any of its rights, interests or obligations under this Agreement in any way whatsoever without the prior written approval of the District.

12. **Modification or Amendment.** No amendment, change or modification of this Agreement shall be valid unless in writing signed by the parties' hereto.

13. **Governing Laws.** This Agreement, together with all its paragraphs, terms and provisions is made in the State of Minnesota and shall be construed and interpreted in accordance with the laws of the State of Minnesota.

14. **Entire Agreement.** This Agreement contains the entire understanding of the parties hereto with respect to the subject matter hereof and shall not be changed or otherwise altered except by written agreement of the parties.

15. **Cancellation.** Either party shall have the right to terminate this Agreement, without cause, upon (30) days written notice to the other party as provided for in this Agreement.

16. **Data Practices.** Contractor further understands and agrees that it shall be bound by the Minnesota Government Data Practices Act (Minnesota Statutes 13.03-13.04) with respect to "data on individuals"; as defined in 13.02, subd. 5 of that Statute) which it collects, receives, stores, uses, creates or disseminates pursuant to this Agreement.

17. **Insurance.** (If applicable) Contractor shall not commence work under the contract until they have obtained all the insurance described below and Duluth Public Schools has approved such insurance. Contractor shall maintain such insurance in force and effect throughout the term of the contract.

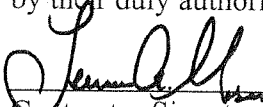

Contractor is required to maintain and furnish satisfactory evidence of the following insurance policies:

Workers' Compensation Insurance: Contractor must provide Worker's Compensation insurance for all its employees and, in case any work is subcontracted, Contractor will require the subcontractor to provide Workers' Compensation insurance in accordance with the statutory requirements of the State of Minnesota including Coverage B, Employer's Liability.

Commercial General Liability: Contractor is required to maintain insurance protecting it from claims for damages for bodily injury, including sickness or disease, death, and for care and loss of services as well as claims for property damage, including loss of use which may arise from operations under the Contract whether the operations are by the contractor or subcontractor or by anyone directly or indirectly employed under the contract.

18. **Conflict of Interest and Fiduciary Duty:** All contractors doing business with the District agree to follow Policy 307 - Conflicts of Interest and Fiduciary Duty. This policy is located on the District's website.

AS EVIDENCE OF THEIR ASSENT TO THE TERMS AND CONDITIONS OF THIS AGREEMENT, set forth above, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

	91-2083002	10-30-19
Contractor Signature	SSN/Tax ID Number	Date
		11/1/19
Program Director		Date

Please note: All signatures *must* be obtained AND the following *must* be completed by the Program Director before submission to the CFO for review and approval.

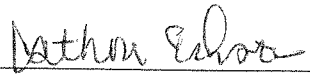
This contract is funded by either (1) the following budget (include full 16 digit code), (2) will be paid using Student Activity Funds or (3) is no cost contract (e.g. Memorandum of Understanding). Please check the appropriate line below:

Check if the contract will be paid using District funds and enter the budget code in the top line below.

01	640	005	313	315	130500
XX	XXX	XXX	XXX	XXX	XXXXXX

Check if the contract will be paid using Student Activity Funds

Check if the contract is a no-cost contract such as a Memorandum of Understanding

	11-4-19
CFO/Superintendent of Schools/Board Chair	Date

AGREEMENT

THIS AGREEMENT, made and entered into this 15th day of October, 2019, by and between Independent School District #709, a public corporation, hereinafter called District, and Equity Alliance Minnesota, an independent contractor, hereinafter called Contractor.

THE PURPOSE OF THE AGREEMENT is to set out the terms and conditions whereby Contractor will provide programs or services for the District at the times and locations set forth in this Agreement.

The terms and conditions of this Agreement are as follows:

1. **Dates of Service.** This Agreement shall be deemed to be effective as of October 28, 2019 and shall remain in effect until October 28, 2019, unless terminated earlier as provided for herein, or unless and until all obligations set forth in this Agreement have been satisfactorily fulfilled, whichever occurs first.

2. **Performance.** 3.5 hour professional development for Ordean East Middle School and Duluth East High School certified staff on culturally responsive practices, with 2 facilitators to be delivered on October 28, 2019, and includes time to prepare materials, presentation, mileage and lodging costs.

3. **Background Check.** *(applies to contractors working independent with students)*

Contractor must provide an executed criminal history consent form and a money order or check payable to the District in an amount equal to the actual cost of conducting a criminal history background check on all of its employees assigned to the program. Contractor is precluded from performance of contract until the results of the criminal background check(s) are on file.

If Contractor has already completed background checks for their business needs, Contractor stipulates that the background checks are completed, on file, and will be made available for review if the District should request.

4. **Reimbursement.** In consideration of the performance of Contractor of its obligations pursuant to this Agreement, District hereby agrees to reimburse Contractor for its services and expenses in performing said obligations up to a sum not to exceed \$3,000.

Contractor is required by Minnesota Statutes, Section 270.66, subd. 3, to provide their Taxpayer Identification Number (TIN) used in the enforcement of Federal and State tax laws. The TIN will be available to Federal and State tax authorities and State personnel involved in the payment of State obligations. This Agreement will not be approved unless TIN is provided.

5. **Requests for Reimbursement.** The terms of payment under this Agreement are as follows:

- a. Payment shall be made by the District within 30 days of submission of a proper invoice by the Contractor;
- b. Any other terms of payment in the performance of services are incorporated by reference in this Agreement.

6. **Propriety of Expenses.** The fact that the District has reimbursed Contractor for any expense claimed by Contractor shall not preclude District from questioning the propriety of any such item. District reserves the right to offset any overpayment or disallowance of any item or items at any time under this Agreement by reducing future payments to Contractor. This clause shall not be construed to bar any other legal remedies District may have to recover funds expended by Contractor for disallowed costs.

7. **Ownership of Materials.** The District reserves the rights to reproduce the programming in any fashion, or appropriate the contents of the programming, or any portion thereof, to its own use for any and all programs, forms and other materials that Contractor has provided, prepared, or utilized in performance of the terms of this Agreement.

8. **Independent Contractor.** Both the District and Contractor agree that they will act as an independent contractor in the performance of its duties under this Agreement. Nothing contained in this Agreement shall be construed as in any manner creating a relationship of joint venture between the parties, which shall remain independent contractors with respect to all actions performed pursuant to this Agreement.

Accordingly, Contractor shall be responsible for payment of all taxes, including Federal, State, and local taxes, arising out of Contractor's activities in accordance with this Agreement, including by way of illustration, but not limited to, Federal and State income tax, Social Security tax, Unemployment Insurance taxes, workers compensations, and any other taxes or business license fees as required.

9. **Indemnity and defense of the District.** Contractor hereby agrees to defend, indemnify and hold the District harmless from all claims relating to its work pursuant to this Agreement.

In the event that Contractor breaches its obligation to defend, indemnify and hold the District harmless, then in addition to its other damages the District shall be entitled to recover its attorney's fees and costs and disbursements incurred in enforcing this Agreement.

10. **Notices.** All notices to be given by Contractor to District shall be deemed to have been given by depositing the same in writing in the United States Mail: ISD 709, Duluth Public Schools, Attn: Cathy Erickson, 215 North 1st Avenue East, Duluth, MN 55802.

All notices to be given by District to Contractor shall be deemed to have been given by depositing the same in writing in the United States Mail to (mailing address with zip) Equity

Alliance Minnesota, Attn: Janine Stammler, Operations Manager, 6063 Hudson Road, Ste. 218, Woodbury, MN 55125.

11. **Assignment.** Contractor shall not in any way assign or transfer any of its rights, interests or obligations under this Agreement in any way whatsoever without the prior written approval of the District.

12. **Modification or Amendment.** No amendment, change or modification of this Agreement shall be valid unless in writing signed by the parties' hereto.

13. **Governing Laws.** This Agreement, together with all its paragraphs, terms and provisions is made in the State of Minnesota and shall be construed and interpreted in accordance with the laws of the State of Minnesota.

14. **Entire Agreement.** This Agreement contains the entire understanding of the parties hereto with respect to the subject matter hereof and shall not be changed or otherwise altered except by written agreement of the parties.

15. **Cancellation.** Either party shall have the right to terminate this Agreement, without cause, upon (30) days written notice to the other party as provided for in this Agreement.

16. **Data Practices.** Contractor further understands and agrees that it shall be bound by the Minnesota Government Data Practices Act (Minnesota Statutes 13.03-13.04) with respect to "data on individuals"; as defined in 13.02, subd. 5 of that Statute) which it collects, receives, stores, uses, creates or disseminates pursuant to this Agreement.

17. **Insurance.** (If applicable) Contractor shall not commence work under the contract until they have obtained all the insurance described below and Duluth Public Schools has approved such insurance. Contractor shall maintain such insurance in force and effect throughout the term of the contract.


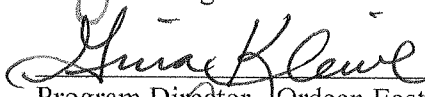
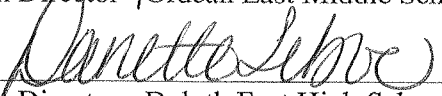
Contractor is required to maintain and furnish satisfactory evidence of the following insurance policies:

Workers' Compensation Insurance: Contractor must provide Worker's Compensation insurance for all its employees and, in case any work is subcontracted, Contractor will require the subcontractor to provide Workers' Compensation insurance in accordance with the statutory requirements of the State of Minnesota including Coverage B, Employer's Liability.

Commercial General Liability: Contractor is required to maintain insurance protecting it from claims for damages for bodily injury, including sickness or disease, death, and for care and loss of services as well as claims for property damage, including loss of use which may arise from operations under the Contract whether the operations are by the contractor or subcontractor or by anyone directly or indirectly employed under the contract.

18. **Conflict of Interest and Fiduciary Duty:** All contractors doing business with the District agree to follow Policy 307 - Conflicts of Interest and Fiduciary Duty. This policy is located on the District's website.

AS EVIDENCE OF THEIR ASSENT TO THE TERMS AND CONDITIONS OF THIS AGREEMENT, set forth above, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

	<u>41-1819999</u>	<u>10/24/19</u>
Contractor Signature	SSN/Tax ID Number	Date
		<u>11/11/19</u>
Program Director - Ordean East Middle School		Date
		<u>11/20/19</u>
Program Director - Duluth East High School		Date

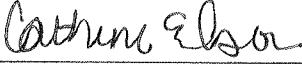
Please note: All signatures *must* be obtained AND the following *must* be completed by Program Directors before submission to the CFO for review and approval.

This contract is funded by the following budget (include full 16 digit code), will be paid using Student Activity Funds or is no cost contract (e.g. Memorandum of Understanding):

- ✓ 01-211-335-317-000-130500 Ordean East for \$1,500.00
- ✓ 01-211-220-317-000-130500 Duluth East for \$1,500.00

Check this box if the contract will be paid using Student Activity Funds

Check this box if this contract is a no-cost contract such as a Memo of Understanding

	<u>11-21-19</u>
CFO/Superintendent of Schools/Board Chair	Date

November 11, 2019

Bill Gronseth

Duluth Public School

215 N. 1st Avenue East

Duluth, MN 55802

Dear Superintendent Gronseth,

The purpose of this letter is to inform you that Intermediate School District 287 has an agreement with our member districts that authorizes Intermediate School District 287 to provide educational services at Allina Health, Headway, Hennepin County, Nexus, PrairieCare, Volunteers of America, Paragon, and Fairview. Minnesota Department of Education requires an educational services agreement between your district and District 287 in order for your students to access the on-site Intermediate District 287 educational services at this location. If you wish District 287 to provide the educational services for your students while they are attending Allina Health, Headway, Hennepin County, Nexus, PrairieCare, Volunteers of America, Paragon, and Fairview, please sign the enclosed agreement.

Pursuant to Minnesota Statute 125A.15 and 125A.51, the district of residence for a child who is placed in a care and treatment center outside of the district of residence may choose to meet its educational obligation outside of the program provided.

Sincerely,



Christina Houck
Director of Special Education



Amanda Klutman
Principal of Care and Treatment
763-205-7612
adklutman@district287.org

Encl: Agreement to Provide Educational Services

AGREEMENT TO PROVIDE EDUCATIONAL SERVICES

This Agreement to Provide Educational Services ("Agreement") is made between Duluth Public School and Intermediate School District 287 ("the Intermediate"). The purpose of this Agreement is to set forth the respective obligations of the parties in the provision of educational services to students who are placed at Allina Health, Headway, Hennepin County, Nexus, PrairieCare, Volunteers of America, Paragon, and Fairview and/or providers of day treatment mental health services located within member districts of Intermediate School District 287.

WHEREAS, Allina Health, Headway, Hennepin County, Nexus, PrairieCare, Volunteers of America, Paragon, and Fairview own and operate facilities in member districts of Intermediate District 287, and are authorized to provide day treatment services to children with mental health needs as a Children's Therapeutic Services and Supports (CTSS) provider; and

WHEREAS, pursuant to Minn. Stat. §125A.15, the district of residence for a child who is placed at a day treatment center outside of the district of residence remains responsible for providing appropriate educational services to the child, and may satisfy its obligation by contracting with the district where the day treatment program is located and paying tuition to that district; and

WHEREAS, the Intermediate provides educational services to students placed at Allina Health, Headway, Hennepin County, Nexus, PrairieCare, Volunteers of America, Paragon, and Fairview programs pursuant to an agreement with the member district; and

WHEREAS, from time to time a student who is a resident of Duluth Public School is placed at Allina Health, Headway, Hennepin County, Nexus, PrairieCare, Volunteers of America, Paragon, and Fairview and in need of educational services; and

WHEREAS, the Intermediate is authorized to provide special education and other educational services to students pursuant to Minn. Stat. chapter 136D at the request of a participating district; and

WHEREAS, the Intermediate has a history of providing appropriate general and special education services to children placed at Allina Health, Headway, Hennepin County, Nexus, PrairieCare, Volunteers of America, Paragon, and Fairview programs, including children who have been identified as having disabilities and in need of special education and related services; and

WHEREAS, Duluth Public School finds it is financially and educationally appropriate to contract with the Intermediate to provide special and general education services to its residents who are placed at Allina Health, Headway, Hennepin County, Nexus, PrairieCare, Volunteers of America, Paragon, and Fairview and therefore requests that the Intermediate provide these services to its residents placed at Allina Health, Headway, Hennepin County, Nexus, PrairieCare, Volunteers of America, Paragon, and Fairview;

NOW THEREFORE, the Parties hereby agree as follows:

Intermediate's Responsibilities:

1. The Intermediate will provide all necessary education services and programming to Duluth Public School 's residents placed at Allina Health, Headway, Hennepin County, Nexus, PrairieCare, Volunteers of America, Paragon, and Fairview including, but not limited to, curriculum planning, development, implementation and review; hiring, performance evaluation and supervision of education staff; tuition billing; ensuring the transfer of necessary education records at both admission and discharge; and coordination of educational services and programming as they relate to the Allina Health, Headway, Hennepin County, Nexus, PrairieCare, Volunteers of America, Paragon, and Fairview mental health programs. The educational services and reporting will comply with the requirements of the Minnesota Department of Education and applicable state and federal law.
2. During the regular academic year and if required during a portion of the summer, the Intermediate will provide general and special education services and related services to Duluth Public School 's students placed at Allina Health, Headway, Hennepin County, Nexus, PrairieCare, Volunteers of America, Paragon, and Fairview. The beginning and ending times of instruction shall be established by the Intermediate in order to ensure maximum utilization of Intermediate and Allina Health, Headway, Hennepin County, Nexus, PrairieCare, Volunteers of America, Paragon, and Fairview staff, and shall be consistent with the Intermediate calendar as established by its governing board.
3. The Intermediate and Duluth Public School agree that the Intermediate will have no further obligation to provide educational services to the students pursuant to this agreement, if the student no longer attends Allina Health, Headway, Hennepin County, Nexus, PrairieCare, Volunteers of America, Paragon, and Fairview.
4. The Intermediate will be responsible for contracting with Allina Health, Headway, Hennepin County, Nexus, PrairieCare, Volunteers of America, Paragon, and Fairview for appropriate instructional space (classrooms) and related space necessary to fulfill the terms of this Agreement;
5. The Intermediate will be responsible for furnishing all equipment, supplies and personnel necessary to fulfill the terms of this Agreement. The Intermediate will be responsible for ensuring that its employees are properly licensed for their positions, and for ensuring that criminal history background checks are performed in accordance with Minn. Stat. section 123B.03;
6. Where a student has been identified as a student with a disability in need of special education services, the Intermediate will be responsible for implementing the student's IEP. The Intermediate will comply with the obligation to identify students who are in need of special education and related services, which have not previously been identified. In cases where a student requires special education services, the Intermediate will be responsible for notifying Duluth Public School that an individual education plan is being developed and provide Duluth Public School an opportunity to participate in the plan's development, in accordance with Minn. Stat. §125A.05(c);
7. The Intermediate will be responsible for maintaining appropriate records of student enrollment and billing tuition for the special education it provides to students placed at Allina Health, Headway, Hennepin County, Nexus, PrairieCare, Volunteers of America, Paragon, and Fairview in accordance with the procedures required by the Minnesota Department of Education;
8. The Intermediate will be responsible for maintaining appropriate records of student enrollment and billing Duluth Public School for the provision of general education services it provides to students placed at Allina Health, Headway, Hennepin County, Nexus, PrairieCare, Volunteers of America, Paragon, and Fairview in accordance with the procedures required by the Minnesota Department of Education;

District's Responsibilities:

9. Duluth Public School agrees to pay the Intermediate for the invoiced costs associated with providing education and related services to its residents, within 30 days of receipt of an invoice for the services.

Responsibility for Due Process Hearings and Complaints:

10. A parent or district is entitled to a due process hearing conducted by the state when a dispute arises over the identification, placement or the provision of a free appropriate public education to a child with disabilities, in accordance with Minn. Stat. §125A.09 1, subd. 12. The Intermediate agrees to notify Duluth Public School within one business day of learning of any request for a due process hearing on behalf of any of Duluth Public School's residents placed at Allina Health, Headway, Hennepin County, Nexus, PrairieCare, Volunteers of America, Paragon, and Fairview. The Intermediate further agrees not to request a due process hearing unless the resident district agrees to the hearing request. In the event a due process hearing is requested, the Intermediate agrees to act in good faith and to cooperate with the resident district, making its staff available as witnesses and to prepare for any hearing, producing all educational records and other relevant documents, and providing an administrator to attend the hearing, as needed. The Intermediate will provide its own attorney(s) at its discretion and be responsible for its own attorneys' fees.
11. Should a complaint be brought with the Minnesota Department of Education or other state or federal agency with oversight responsibility for educational agencies, the Intermediate District will notify Duluth Public School within one business day, and will answer the complaint. Should compensatory education or other relief be awarded as a result of a complaint, the Intermediate agrees to provide and/or pay for such relief and bill Duluth Public School therefor.

Liability for Own Acts and Recognition of Independent Entities:

12. Each party assumes responsibility for the acts and omissions of its officers, agents, and employees, while acting within the scope of their employment connected to the performance of services or obligations under this Agreement, if such acts or omissions result in claims, lawsuits or judgment for death, bodily injuries, personal injuries or property damage suffered by persons while such services and obligations are being performed hereunder.
13. It is agreed that nothing herein contained is intended or should be construed in any manner as creating or establishing the relationship of partnership between the parties hereto or as constituting the Parties as agents for each other, or representatives or employees of other for any purpose or in any manner whatsoever. The Parties shall remain independent with respect to all services and obligations performed under this Agreement.
14. Any and all personnel of the Intermediate while engaged in the performance of any work, services or obligations under this Agreement shall have no contractual relationship with the Department nor shall be considered as employees of Duluth Public School. Any and all claims that may arise under the Workers' Compensation Act of the State of Minnesota on behalf of said personnel, or agents of the Intermediate, arising out of the employment or alleged employment, including without limitation, claims of discrimination against the Intermediate or its officers, agents, contractors or employees shall in no way be the responsibility of Duluth Public School. Such personnel or agents of the Intermediate shall not require nor be entitled to any compensation rights or benefits of any kind from Duluth Public School, including tenure rights, medical or hospital care, sick and vacation leave, disability, severance pay, PERA, or teachers' retirement benefits. Any personnel or agents of Duluth Public School while engaged in the performance of any services under this Agreement shall likewise have no contractual relationship with the Intermediate, nor be considered employees of the Intermediate.

Data Practices:

- 15. All data collected, created, received, maintained, or disseminated for any purposes by the activities of Duluth Public School and the Intermediate in the performance of this Agreement is governed by the Minnesota Government Data Practices Act, Minn. Stat. Chapter 13, as amended.

Effective Date, Termination, and Modifications:

- 16. This Agreement shall be in force and effect from July 1, 2019 until terminated pursuant to the provisions of this Agreement.
- 17. Either Party may terminate this Agreement as of June 30 of any year, provided that notice of termination is provided by February 1 of the year of termination.
- 18. Any alterations, variations, modification, or waivers of provisions of this Agreement shall be valid only when they have been mutually agreed upon and reduced to writing, duly signed, and attached as an amendment to this Agreement.
- 19. The Parties' failure to insist upon strict performance of any part of this Agreement or to exercise any right herein contained shall not be a waiver or relinquishment of such covenant, agreement, stipulation or right, unless the Parties consent thereto in writing.

Notices:

- 20. Any notice or demand, which may or must be given or made by a party hereto, under the terms of this Agreement or any statute or ordinance, shall be in writing and shall be sent by U.S. Mail or hand delivered to the other party, addressed as follows:

To the Intermediate: Exec. Director of Business Services, Mae Hawkins
 Intermediate District 287
 1820 Xenium Lane N.
 Plymouth, MN 55441

INTERMEDIATE SCHOOL DISTRICT 287

DocuSigned by:
 Signature: Mae Hawkins
 Position: Executive Director of Business Services
 Date: 11/11/2019

To Duluth Public School: Superintendent Bill Gronseth
Duluth Public School
215 N. 1st Avenue East
Duluth, MN 55802

Duluth Public School
 Signature: John Bennett
 Position: Superintendent ISD 709
 Date: 11/22/19

APPENDIX A
2019-20 RATES

Care & Treatment Rates per Daily ADM	
School #519	\$247.00
School #521	\$266.00
School #522	\$228.00
School #527	\$176.00
School #530	\$247.00
School #531	\$247.00
School #532	\$247.00
School #533	\$310.00
School #535	\$247.00
School #537	\$247.00
School #538	\$176.00
School #540	\$247.00

**No Cost Contracts Signed
November 2019**

For your information, the Superintendent or the Executive Director of Business Services has signed the following no cost contracts during the month of November 2019:

Name	Contract Source	Description
State of Minnesota MDE	Asst Supt	Joint Powers Agreement for federal Preschool Development grant
ACT	Curriculum	College and career assessment
Peers Foundation	East	Texting While Driving Awareness Program
America's Best Vision	Piedmont	Vision screening program
College of St. Scholastica (CSS)	Special Services	Clinical learning experience
Lake Superior College (LSC)	Special Services	Clinical learning experience
University of Minnesota (U of Mn)	Superintendent	Student teaching

**STATE OF MINNESOTA
JOINT POWERS AGREEMENT**

This Joint Powers Agreement (“Agreement”) is between the State of Minnesota, acting through its commissioner of the **Minnesota Department of Education**, whose designated business address is 1500 Highway 36 West, Roseville, MN 55113 (“State” or “MDE”) and **Duluth Public School District #0709-01** (“Governmental Unit”), whose designated business address is 215 North 1st Avenue East, Duluth, MN 55802.

Recitals

1. Under Minnesota Statute § 471.59, subdivision 10, the State is empowered to engage such assistance as deemed necessary.
2. MDE received a federal Preschool Development Grant (“PDG”) that will fund this project. The PDG focuses on supporting families with young children who are experiencing racial, geographic, and economic inequities so they can be born healthy and thrive within their families and community by aligning and coordinating multiple systems to help families with young children (prenatal to age 5) navigate through the system more efficiently.
3. As a part of the PDG, MDE will need to share best practices and promote and fund collaboration and efficiency strategies and services that will ensure a highly skilled workforce to meet demand and quality needs of early childhood care and education programs.
4. The State is in need of Local Education Agencies (LEAs) and/or tribal entities and communities to begin implementing components of comprehensive, inclusive prekindergarten to grade three (P3) systems. P3 systems are a K-12 reform effort intended to improve the quality and coherence of children’s learning and care experiences from the prenatal stage through grade three.
5. The Governmental Unit is an LEA and represents that it is duly qualified and agrees to perform the services in this Agreement to the satisfaction of the State.

Agreement

1 Term of Agreement

- 1.1 **Effective date:** upon execution, the last date the State obtains all required signatures under Minnesota Statutes Section 16C.05, subdivision 2.
- 1.2 **Expiration date:** December 30, 2019, or until all obligations have been satisfactorily fulfilled, whichever occurs first.

2 Agreement between the Parties

The Governmental Unit’s responsibilities will include:

- 2.1 Identify staff who will serve as the P3 project coordinator and/or P3 implementation specialist.
- 2.2 Select P3 strategies and develop a P3 Regional Collaborative Implementation plan with support of the MDE Authorized Representative (AR). The P3 Regional Collaborative Implementation plan should be completed and emailed to the MDE AR no later than two (2) weeks after execution of this Joint Powers Agreement.
 - a. The P3 strategies will be selected by the Governmental Unit to determine the best approach for their community. Required P3 strategies areas are: partnerships and collaborations, transitions, and high-quality programming and/or teaching. Other P3 strategies include, but are not limited to: learning environments, instructional effectiveness, family engagement, data-driven improvement, and access to programming and services.

- 2.3 Provide and support necessary staff to fill roles of the selected strategies. Strategies will require sufficient time dedicated for individuals to perform the duties of such roles.
- 2.4 Provide a minimum of two workshops/trainings that focus on P3 implementation elements and invite community partners and at least one neighboring district to participate. The Governmental Unit can provide in-house workshops/trainings for this task. These two workshops/trainings should be completed no later than December 23, 2019.
 - a. The Governmental Unit should notify the MDE AR when the workshops/trainings will be held and provide a list of attendees no later than three business days before the events are conducted.
- 2.5 Participate in a case study that will highlight progress and accomplishments of P3 work. The information from the case study will be collected no later than December 20, 2019.
- 2.6 Participate in an MDE created pre- and post-evaluation that will be in the form of a digital or online survey of the P3 work. The pre-assessment should be completed no later than two (2) weeks after execution of this Joint Powers Agreement. The post-assessment should be completed no later than December 20, 2019.
- 2.7 Participate in at least two professional development opportunities related to P3 work. MDE will notify the Governmental Unit of other professional development opportunities if they become available.
 - a. Participate in the MDE provided Equity Focused training that will be held December 3-4, 2019, at Metro State University in St. Paul, Minnesota. Attendance at the Equity Focused training will be considered as one of the two professional development opportunities.
- 2.8 Create a P3 leadership team comprised of district, community, and county representatives, with at least one member also serving on the district's World's Best Workforce (WBWF) advisory council. The list of P3 leadership team members should be submitted to the MDE AR no later than December 20, 2019.
- 2.9 Identify components and/or priorities of a comprehensive, inclusive three year P3 plan that should be submitted to the MDE AR no later than December 20, 2019. MDE understands and acknowledges that the Governmental Unit may not be able to generate an exhaustive list of components and/or priorities by December 20, 2019.
- 2.10 Attend and participate in the P3 Regional Collaborative kickoff event to be held in accordance with clause 2.15 of this Agreement.

MDE's responsibilities will include:

- 2.11 Provide weekly individualized check-in calls with P3 project coordinator and/or P3 implementation specialist to support implementation activities.
- 2.12 Review P3 Regional Collaborative Implementation plan and provide feedback.
- 2.13 Provide support, individualized training and technical assistance to implement P3 programming and systems.
- 2.14 Conduct monthly conference calls with implementation specialists and invited others that are working on this project.
- 2.15 Conduct a P3 Regional Collaborative kickoff event that is anticipated to go from 10am to 3pm CT for Governmental Unit staff to attend. The date and location of the event will be mutually agreed upon between the MDE AR and Governmental Unit and will be held no later than three (3) weeks after execution of this Agreement. The kickoff event may be delivered in person or via webinar as mutually agreed upon between MDE and the Governmental Unit.
- 2.16 Assist the P3 Regional Collaborative staff with gathering and analyzing data.
- 2.17 Provide an evaluation plan survey tool to the P3 Regional Collaborative and analyze data.
- 2.18 Help the P3 Regional Collaborative make connections with other districts and community partners.

The due dates of tasks listed in this Joint Powers Agreement may be adjusted as needed based upon mutual written agreement between MDE and the Governmental Unit. If any dates are adjusted then the tasks should be completed before the Joint Powers Agreement end date.

3 Payment

Work of a P3 project coordinator and/or P3 implementation specialist is essential for the ongoing and successful implementation of P3 strategies. Funds may be used to support a portion of a professional position that will conduct this work. Funds may also be used to support this work outside the typical school contract day for the P3 project coordinator and/or P3 implementation specialist and/or other staff working on this project outside of school contract day hours.

3.1 Consideration. The State will pay for all services performed by the Governmental Unit under this Agreement as follows:

- (a) *Compensation.* The Governmental Unit will be paid a lump sum not to exceed \$20,000.00 for completing the services listed in Clause 2.
- (b) *Travel expenses.* Reimbursement for travel and subsistence expenses actually and necessarily incurred by the Governmental Unit as a result of this Agreement will not exceed **\$0.00**; provided that the Governmental Unit will be reimbursed for travel and subsistence expenses in the same manner and in no greater amount than provided in the current "Commissioner's Plan" established by the Commissioner of Minnesota Management and Budget which is incorporated in to this Agreement by reference. The Governmental Unit will not be reimbursed for travel and subsistence expenses incurred outside Minnesota unless it has received the State's prior written approval for out-of-state travel. Minnesota will be considered the home state for determining whether travel is out of state.
- (c) *Total obligation.* The total obligation of the State for all compensation and reimbursements to the Governmental Unit under this Agreement will not exceed **\$20,000.00**.

3.2 Payment

- (a) *Invoices.* The State will promptly pay the Governmental Unit after the Governmental Unit presents an itemized invoice for the services actually performed and the State's Authorized Representative accepts the invoiced services. Invoices must be submitted timely and according to the following schedule:

The Governmental Unit will submit one (1) invoice upon completion of the above services. The final invoice is due no later than 30 calendar days after the expiration date of the Agreement.

Invoice will include the following information:

- 1. MDE's Authorized Representative's name;
- 2. The SWIFT Purchase Order ("PO") and Agreement numbers;
- 3. Date(s) of service; and
- 4. A description of services performed.

The preferred method of obtaining an invoice is by email to the MDE Accounts Payable Department (MDE.AccountsPayable@state.mn.us). The subject line of the email with the invoice attached will contain the MDE's Authorized Representative's name, PO, and Agreement numbers.

Should an invoice need to be submitted via U.S. Mail, please use the following address:

MN Department of Education
Attn: Accounts Payable Department
1500 Highway 36 W.
Roseville, MN 55113-4266

(b) *Federal funds.* Payments under this Agreement will be made from federal funds obtained by the State through CFDA Number 93.434. The Governmental Unit is responsible for compliance with all federal requirements imposed on these funds and accepts full financial responsibility for any requirements imposed by the Governmental Unit's failure to comply with federal requirements. This project is made possible using federal funding, 93.434 – ESSA Preschool Development Grants Birth through Five. Its contents are solely the responsibility of the authors and do not necessarily represent the official views of the Office of Child Care, the Administration for Children and Families, or the U.S. Department of Health and Human Services.

4 Authorized Representatives

The State's Authorized Representative is Mike Brown, Education Specialist, 1500 Highway 36 West, Roseville, MN 55113, 651-582-8224, Mike.Brown@state.mn.us or his successor.

The Governmental Unit's Authorized Representative is Jeffrey Horton, Assistant Superintendent, 215 North 1st Avenue East, Duluth, MN, 55802, 218-336-8739, or his successor.

5 Assignment, Amendments, Waiver, and Contract Complete

5.1 *Assignment.* The Governmental Unit may neither assign nor transfer any rights or obligations under this agreement without the prior consent of the State and a fully executed Assignment Agreement, executed and approved by the same parties who executed and approved this agreement, or their successors in office.

5.2 *Amendments.* Any amendment to this agreement must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original agreement, or their successors in office.

5.3 *Waiver.* If the State fails to enforce any provision of this agreement, that failure does not waive the provision or its right to enforce it.

5.4 *Contract Complete.* This agreement contains all negotiations and agreements between the State and the Governmental Unit. No other understanding regarding this agreement, whether written or oral, may be used to bind either party.

6 Indemnification

In the performance of this contract by the Governmental Unit, or Governmental Unit's agents or employees, the Governmental Unit must indemnify, save, and hold harmless the State, its agents, and employees, from any claims or causes of action, including attorney's fees incurred by the state, to the extent caused by Governmental Unit's:

- 1) Intentional, willful, or negligent acts or omissions; or
- 2) Actions that give rise to strict liability; or
- 3) Breach of contract or warranty.

The indemnification obligations of this section do not apply in the event the claim or cause of action is the result of the State's sole negligence. This clause will not be construed to bar any legal remedies the Governmental Unit may have for the State's failure to fulfill its obligation under this contract.

7 State Audits

Under Minnesota Statute § 16C.05, subdivision 5, the Governmental Unit's books, records, documents, and accounting procedures and practices relevant to this agreement are subject to examination by the State and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of six years from the end of this agreement.

8 Government Data Practices

The Governmental Unit and State must comply with the Minnesota Government Data Practices Act, Minnesota Statute Ch. 13, as it applies to all data provided by the State under this agreement, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Governmental Unit under this agreement. The civil remedies of Minnesota Statute § 13.08 apply to the release of the data referred to in this clause by either the Governmental Unit or the State.

If the Governmental Unit receives a request to release the data referred to in this Clause, the Governmental Unit must immediately notify the State. The State will give the Governmental Unit instructions concerning the release of the data to the requesting party before the data is released.

9 Venue

Venue for all legal proceedings out of this agreement, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

10 Termination

10.1 Termination. The State or the Governmental Unit may terminate this agreement at any time, with or without cause, upon 30 days' written notice to the other party.

10.2 Termination for Insufficient Funding. The State may immediately terminate this agreement if it does not obtain funding from the Minnesota Legislature, or other funding source; or if funding cannot be continued at a level sufficient to allow for the payment of the services covered here. Termination must be by written or fax notice to the Governmental Unit. The State is not obligated to pay for any services that are provided after notice and effective date of termination. However, the Governmental Unit will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that funds are available. The State will not be assessed any penalty if the agreement is terminated because of the decision of the Minnesota Legislature, or other funding source, not to appropriate funds. The State must provide the Governmental Unit notice of the lack of funding within a reasonable time of the State's receiving that notice.

11 Accessibility Standards

The Governmental Unit agrees to comply with the State of Minnesota Accessibility Standards effective September 1, 2010, which entails, in part, the Web Content Accessibility Guidelines (WCAG) 2.0 (Level AA) and Section 508 which can be viewed on the Minnesota IT Services website (<https://mn.gov/mnit/about-mnit/accessibility/>).

Contact the MDE Communications Office (ZXQualityTeam.mde@state.mn.us) for specific guidance on creating content that meets our accessibility requirements.

12 Other Provisions

The following criteria are to be used for all publications or other content created for MDE intended for dissemination:

- a. Use only print-quality department logo. Request a copy from the MDE Communications Office (ZXQualityTeam.mde@state.mn.us).
- b. Copy must follow latest edition of the Associated Press (AP) Stylebook.
- c. Video content must be open or closed captioned.
- d. Copy must be free of typographical and grammatical errors.
- e. Fonts used can vary in promotional pieces; however, the sizes used should be comparable to Calibri 11 pt. or Times New Roman 12 pt.
- f. Manuals and other long documents (10+ pages, as a reference point only) should be provided in PDF format with bookmarks (preferred) or include a linked Table of Contents.
- g. If the end product is not an editable source document (originally created format), the source document must also be provided to the department along with the final format for all non-multimedia content. For instance, if a PDF document is the final product, the vendor must also provide the Word or PowerPoint file. This requirement does not pertain to multimedia content, such as video or audio recordings.
- h. Presentations must be narrated, part of a recorded presentation, or include notes pages, not be standalone slideshows.
- i. Please direct questions regarding printed material to the Authorized Representative for this Agreement.

13 Plain Language

The Governmental Unit must provide all deliverables in "Plain Language." Executive Order 14-07 requires the Office of the Governor and all Executive Branch agencies to communicate with Minnesotans using Plain Language. As defined in Executive Order 14-07, Plain Language is a communication which an audience can understand the first time they read or hear it. To achieve that, Contractor will take the following steps in the deliverables:

- a. Use language commonly understood by the public;
- b. Write in short and complete sentences;
- c. Present information in a format that is easy to find and easy to understand; and
- d. Clearly state directions and deadlines to the audience.

Signature page to follow

1. STATE ENCUMBRANCE VERIFICATION

Individual certifies that funds have been encumbered as required by Minnesota Statute §§ 16A.15 and 16C.05.

Signed: Jennifer A. Fleckner

Date: Oct 10, 2019

SWIFT Contract No. 167861 tied to PO #3000021676 (FY20)

2. GOVERNMENTAL UNIT

By: Catherine Erickson

Title: Catherine Erickson, CFO

Date: 11/07/19

By: _____

Title: _____

Date: _____

3. STATE AGENCY

By: _____
(with delegated authority)

Title: _____

Date: _____

4. COMMISSIONER OF ADMINISTRATION

As delegated to the Office of State Procurement

By: _____

Date: _____

**ACT[®] District Testing Program
Description of Services
Late Spring 2020**

This Description of Services (DOS) is incorporated into the Master Services Agreement (“Agreement”) having an Effective Date of 12/14/2018, by and between ACT, Inc. (“ACT”) and DULUTH INDEPENDENT SCHOOL DISTRICT 709 (“Customer”). This Assessments and Services provided pursuant to this DOS shall be incorporated into and governed by the terms of the Agreement.

- I. **Background.** ACT, Inc. will support the Customer’s administration of the ACT assessments to its eligible 10th, 11th, and/or 12th grade students. Under this Description of Services, “the ACT” is used to refer to paper-based and/or online assessments that include English, Mathematics, Reading and Science assessments, as well as an Interest Inventory. The ACT taken with the writing assessment is included, if selected by Customer, for an additional fee. Customer has elected to receive the ACT (with writing) Assessment. This DOS memorializes the services and deliverables provided as part of the Assessment program (the “Program”).
- II. **Services Term.** This Description of Services shall be effective on 11/11/2019 and shall remain in effect through the final delivery of Score Reports.
- III. **Deliverables.** The following Assessments and Services will be provided by ACT to Customer:
 1. Program Planning Documentation. ACT will provide Customer with a Schedule of Events and other program documentation when available on the ACT District Testing website.
 2. Organization File Layout. ACT will provide Customer with an Organization File layout and instructions for use.
 3. Student Data Upload (SDU) File Layout. ACT will provide Customer with a SDU file layout template and instructions for use.
 4. Online Platform. ACT will provide an online platform which Customer shall use to indicate appropriate Designated Personnel information, complete Manage Participation, upload SDU File, and order Test Materials.
 5. Test Administration Available Dates. The Assessments will be available on the following Test Dates:
 - Initial Standard Administration Test Date (Paper): March 24, 2020
 - Initial Accommodation Administration Test Window (Paper): March 24 – 27, 30 – 31, April 1 – 3, 2020
 - Initial Standard & ACT-Approved Accommodation Administration Test Window (Online): March 24 – 26, 31, April 1 – 2, 2020
 - Makeup Standard Administration Test Date (Paper): April 7, 2020
 - Makeup Accommodation Administration Test Window (Paper): April 7 – 10, 13 – 17, 2020
 - Makeup Standard & ACT-Approved Accommodation Test Window (Online): April 7 – 9, 14 – 16, 2020
 6. Test Materials. ACT will provide paper test materials to each Designated Test Site. For online testing, as applicable, ACT will provide Customer with access to the Assessments through the ACT Online Assessment System.
 7. Pre-paid Shipping Labels. ACT will provide each Designated Test Site with pre-paid return shipping labels for the return of test materials to ACT.
 8. Accommodations. ACT will provide available and ACT-approved accessibility supports and accommodations, based on decisions made by ACT accommodation specialists and, in some cases, by the local educational authorities, as detailed in ACT policies.
 9. Training. ACT will provide standard online training and/or instructional materials to Designated Personnel.
 10. Communications. ACT will communicate upcoming activities and deadlines related to the assessments

directly to Designated Personnel through email and/or on the ACT District Testing website.

11. Customer Service. ACT will provide a toll-free number and email contact information for use in preparation and administration of the ACT, Monday through Friday, from 7:00 a.m. to 5:00 p.m. CST (except ACT holidays).
12. Score Reports. ACT will provide the following score reports as part of the Services:
 - a. Student Deliverable. 3-8 weeks after ACT receives answer folders, ACT will ship a paper copy of the Student Score Report to the student's address, if such address was provided to ACT.
 - b. School Deliverables. The following reports will be available 3-8 weeks after ACT receives answer folders:
 - ACT High School Check List Report
 - ACT High School Report – Student
 - ACT Student Score Report Labels

The following reports will be posted to the online reports portal. The estimated report delivery date will be available in the Score Reports Schedule found on the ACT District Testing website:

- ACT Profile Report – High School
- ACT Student Level Data File – High School
- ACT Non-College Reportable Score Notification Letter (2), if applicable. (Two copies of the letter will also be shipped to the School Test Coordinator. It is the responsibility of the School Test Coordinator to provide a copy of the letter to the student.)

- c. District Deliverables. The following reports are posted to the online reports portal. The estimated report delivery date will be available in the Score Reports Schedule found on the ACT District Testing website. Please note that district reports will only be generated and posted if this contract has more than one school participating in this district testing program:
 - ACT Profile Report – District
 - ACT Student Data File – District

IV. Customer Actions and Required Information. Customer shall provide the following information, data or deliverables (“Customer Required Information”) to ACT by the indicated due date. ACT’s ability to provide the Assessments and Services is dependent upon timely receipt of the Customer Required Information, data, or deliverables. Customer’s failure to meet the due date may result in ACT’s inability to provide the Assessments and Services, and consequently the cancellation of this Description of Services.

1. Customer Designated Personnel. Customer will designate District Testing Coordinator and a School Testing Coordinator that will be responsible for communicating with ACT regarding this Program (“Designated Personnel”), and will provide ACT with contact information for these individuals. In the event Customer changes the Designated Personnel, Customer will provide ACT with email notification of the District Coordinator change and make the School Test Coordinator change in the ACT Online Platform.
2. Organization File. Customer will provide a file to ACT, in the ACT-designated file format, containing eligible participating sites and Designated Personnel. Customer shall provide the Organizational File to ACT no later than **February 7, 2020**.
3. Manage Participation Deadline. Customer Designated Personnel will confirm participation, select material delivery date, select initial test date and the accommodations testing window in the ACT Online Platform. The deadline to complete the management of participation details is **February 14, 2020**.
4. Student Data Upload (SDU). Customer shall upload a file, in the ACT designated format, to the Online Platform containing the required student data for all students the Customer anticipates testing no later than **February 14, 2020**. Barcode labels will be provided for students reflected in the SDU by this date. Customer will be unable to test if Customer fails to complete the SDU by **February 14, 2020**.
5. Accommodations Requests. If applicable, Customer Designated Personnel shall submit requests for ACT-approved accommodations through the ACT accommodations process by **February 14, 2020**.

6. Change Participation Requests. If Customer wishes to change the test date, change test option, or cancel participation, Customer shall complete the District Testing Change in Participation Form on the District Testing Web page no later than **February 7, 2020**. A new DOS will be required.

V. Fees and Invoicing.

1. Customer Enrollment Determination. The fees owed by Customer for the Assessments and Services provided pursuant to this Description of Services will be based on the total number of students included in the Customer's SDU file(s) in the ACT Online Platform as of the last day of the Makeup Accommodation Test Window, **April 17, 2020**, as applicable (total "Enrollment"). The Enrollment is not based on the number of assessments eligible to be scored.
2. Fee Calculation. ACT will charge Customer the Unit Price per Student indicated on the Table below for the total Enrollment for the applicable Assessment Option at the applicable Program Price Tier. The applicable Program Price Tier is based on the Customer's percentage of students eligible for the Free and Reduced Price Lunch (FRPL), across all Schools in the Customer's territory or jurisdiction. Customer shall identify its applicable FRPL percentage on its District Testing order form, and ACT may verify the accuracy of the applicable percentage based on federally reported data.

Assessment	Program Price Tier	Unit Price Per Student
The ACT (with writing)	Tier 1 (0% - 49.99% FRPL)	\$59.00

3. Invoicing and Payment. ACT will submit an invoice after the last day of the Makeup Accommodations Test Window, as applicable. The invoice will reflect the total Enrollment and the applicable Fee owed, based on the Program Price Tier for the applicable Assessment Options. ACT will not provide any credits or refunds, including but not limited to refunds or credits for the difference between the Enrollment and the number of scores provided.
4. Fee Waivers. Student fee waivers and vouchers are not accepted as a form of payment for the ACT District Testing program.

VI. Additional Terms and Conditions.

The following terms and conditions, in addition to the terms of the Agreement, shall govern the ACT Assessment and Services:

1. Cancellation. This Description of Services will be automatically cancelled without further notice if Customer fails to provide the Organization File by **February 7, 2020** or Manage Participation and SDU to ACT by **February 14, 2020**.
2. Computer Requirements. In the event Customer administers the online assessment, Customer will comply with the computer configuration requirements located at <http://www.act.org/content/act/en/products-and-services/state-and-district-solutions/act-online-testing.html>. Compliant computer configuration is required to properly access and use the ACT Online Assessment System. ACT shall have no liability relating to Customer's failure to comply with ACT's computer requirements. ACT may revise these configuration requirements from time to time in its sole discretion. Customer shall be responsible for implementing any hardware or software updates or changes necessary to meet the revised computer configuration requirements for the Online Assessment System within the time frame set forth in the written or electronic notice from ACT. If Customer cannot implement the required configuration updates, Customer may (a) request paper based testing in the Online Platform, if timely (b) provide ACT with notice of cancellation of this DOS.
3. U.S. Government End Users. The ACT taken online is a "commercial item," as that term is defined in 48 C.F.R. 2.101 (Oct. 1995), consisting of "commercial computer software" and "commercial computer software documentation," as such terms are used in 48 C.F.R. 12.212 (Sept. 1995). Consistent with 48 C.F.R. 12.212 and 48 C.F.R. 227.7202-1 through 227.7202-4 (June 1995), all U.S. Government End Users acquire The ACT online system with only those rights set forth herein.

- 4. Limited Use of Assessments and Services. Subject to this Agreement, ACT hereby grants to the Customer a limited, revocable, non-exclusive, non-transferable, and non-sublicenseable right during the term of this Agreement to use the Assessments and Services. All Assessments and Services made available under this Agreement are licensed, not sold, by ACT to the Customer. Except to the extent expressly granted in this Agreement, no rights are granted by ACT under this Agreement.

By signing below or by the use of electronic signature(s), the parties' authorized representatives hereby indicate their authority to execute, and acceptance of the terms and conditions of this Description of Services, incorporated into the Agreement.

**ACT, Inc.
DISTRICT 709**

DULUTH INDEPENDENT SCHOOL

Signature: *Charlie Astorino*

Name: Charlie Astorino
Title: Vice President, Sales
Date: 11/8/2019

DocuSigned by:
Tawnyea Lake
3E2CD60880384B9...

Signature: _____

Name: Tawnyea Lake
Title: Director of Assessment and Evaluation
Date: 11/11/2019

Catherine Erickson

Catherine A. Erickson, CFO

PEERS Foundation
2855 29th St. SE Suite C. Kentwood, MI 94512
Phone: 866-949-7337

Contract # 1000934

Agreement made October 7, 2019 between PEERS Foundation (Herein after called the producer) and State Farm Insurance (Herein after called the purchaser). It is mutually agreed between the parties upon all terms and conditions set forth as follows:

1. Name of Acts and Equipment List:

ARDDDES Aware 5 SIM

2. Performance Location:

State Farm - Duluth East High School

301 N. 40th Ave. East

Duluth, MN 55804

Booking Agent:	<u>Pauline Kelly</u>
Transportation:	<u>Included in production cost</u>
Hotel:	<u>LODGING INCLUDED IN PRICE</u>
Meals:	<u>MEALS INCLUDED IN PRICE</u>

3. Date of Engagement:

11/21/2019

4. Show Time

9:00 AM - 3:00 PM

5. Method of Payment:

Sponsored by State Farm Insurance

<u>Total Due</u>	<u>\$0.00</u>
<u>Deposit Due (non-refundable)</u>	<u>\$0.00</u>
<u>Balance due date of show:</u>	<u>\$0.00</u>

6. Special Conditions: Purchaser is responsible for indoor back-up performance location.

7. Producers Obligations. Producers obligations hereunder are not subject to detention or prevention by accident, means of transportation, Acts of God, riots, strikes, labor difficulties, epidemics, any act of any public authority, or any cause, similar or dissimilar, beyond the PRODUCER'S control.

8. Force Majeure. In the event of illness, strike, law, Act of God, governmental regulation or other force majeure occurrence, PRODUCER is unable or is prevented from performing the engagement or any part thereof, PURCHASER shall be obligated and liable to PRODUCER for such proportionate amount of the payment provided for herein as may be due hereunder for any performance(s) which PRODUCER may have rendered up the time of the inability to perform by reason of such illness or force major occurrence. This agreement is between the undersigned PURCHASER and the PRODUCER, or artist(s) stated herein and is not subject to cancellation except by mutual agreements.

9. Agreement. This constitutes the sole, complete, and binding agreement between the parties hereto. This agreement may not be changed, modified, or altered except by an instrument of writing signed by the parties. This agreement shall be construed in accordance with the laws of the State of Michigan applicable to agreements entered into and wholly performed therein. Unless stipulated to the contrary in writing, all disputes arising out of this agreement, wherever derived, shall be resolved in Kent County in the State of Michigan in accordance with the laws of that state.

10. Payment. This event is sponsored by State Farm Insurance with no cost to the school.

11. Addendum A Contract Rider is binding to this contract.

TO SIGNIFY YOUR AGREEMENT OF THE TERMS OF THE CONTRACT PLEASE SIGN AND DATE BELOW:

X Cathrine Elson

Signature of Authorized School Official
Recipient of Sponsored Event

X Michael Z. Seymore 10.9.19

Michael Z. Seymore
Chairman of Board
PEERS Foundation

Addendum A

Contract Rider For:

ARDES Aware 5 SIM

Client: State Farm Insurance

Contract Number: 1000934

Arrival Information

Production manager will contact client at least 48 hours in advance of show to confirm arrival time and place

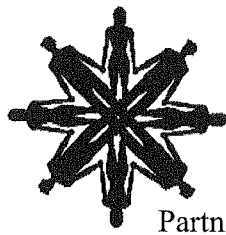
Requirements and Information

HELPER---We need 2 people to help load and unload the vehicle.

1. The Simulator needs an area 10'W x 15'L (MINIMUM) with 8' vertical clearance. Area must be a flat, level, and HARD SURFACE.
2. Access to performance area two (2) hours in advance of program time for set-up.
3. The Simulator MUST be at GROUND LEVEL.
4. Lunch or meal voucher for our technician, a small break to eat and a representative to watch the simulator on any bathroom and/or lunch breaks if needed.
5. POWER- Minimum of 4 separate 110v 20 amp power supply within 25' of program area.
6. ***72" (72 inches) of horizontal Clearance is needed for this piece of equipment to enter a building (Standard double doors with removable crossbar is usually adequate, but doors may need to be removed).***
7. NO GENERATORS allowed to power ANY equipment.
8. Buildings with tight corners/hallways may not provide enough room for the simulator to turn/enter a building. Please send floor plans.
9. 2 Tables & 2 Chairs.

Weather Conditions:

The Simulator can be used outside if a tent with sides are provided(this is only necessary for inclement weather). Heavy rains or dangerous weather are unacceptable operating conditions. Weather forecasts should be closely monitored for two days prior to event. This is the client's responsibility for rescheduling due to weather.



PEERS Foundation

Partnering for America's Youth

FOR IMMEDIATE RELEASE

Texting While Driving Awareness Gets A New Approach

Texting can be more dangerous than alcohol to drivers (some studies say up to eight times more dangerous). Laws are being passed in many states to ban texting while driving, and a large number of PSAs are being broadcast on internet and television. Thanks to a partnership between **State Farm Insurance** and the PEERS Foundation, the dangers of texting while driving can now be experienced in a safe, controlled environment.

The PEERS Foundation, a nationwide health and wellness foundation based in Grand Rapids, MI and **State Farm Insurance** will be visiting **schools across the county and will be visiting schools in your area**, with the most advanced distracted driving simulator in history. Students and faculty will be introduced to the new Augmented Reality Distracted Driving Education Simulator, (ARDDDES). ARDDDES will feature new emerging technologies, like eye tracking software and Augmented Reality. We can now show students how long they take their eyes off the road while using their phones. This safe, virtual, augmented environment exposes users to the dangers of distractions such as phone calls, texting, and social media use while driving to educate teens about vehicle and roadway safety.

ARDDDES will attend Duluth East High School in Duluth, MN on 11/21/19. We welcome you to check it out! We will be at the school from 9:00 AM to 3:00 PM.

Participants in ARDDDES simulations sit in the driver's seat of an immobile vehicle with key function features including the steering wheel, turn signals and pedals while wearing a Meta2 head-mounted augmented reality display that presents them with realistic scenarios. Similar to real life, ARDDDES drivers must make quick decisions regarding traffic, pedestrians, passengers and cell phones in order to avoid potential collisions.

Students then experience the difficulty of texting while driving in a completely safe environment. This allows students to fully appreciate the dangers without risking their safety. The life-saving **ARDDDES** prevention program is becoming a fast favorite among high school and college campuses around the country in a national tour.

This event is made possible by contributions from **State Farm Insurance**.

For more information on the PEERS Foundation and ARDDDES, as well as other programs, visit www.peersfoundation.org.

If you would like more information, or would like to schedule an interview, please contact PEERS Foundation at (866) 949-7337.

###

PEERS Foundation
2855 29th St. SE Suite C.
Kentwood, MI 49512
866-949-7337

Boys & Girls Club of America Vision Screening Program

At National Vision, we believe everyone deserves to see their best to live their best. That is why we are proud to partner with Boys & Girls Clubs of America to provide club members free vision screenings and if needed, access to free, complete eye exams and glasses through our America's Best Contacts & Eyeglasses® locations.

How does the program work?

- A Boys & Girls Club and America's Best Contacts & Eyeglasses® store are paired to run a vision screening event at the club.
- With a signed permission slip, the Boys & Girls Club member is screened at their club.
- Based on the screening results, the child may be referred to see a licensed optometrist at an America's Best Contacts & Eyeglasses® store for a free complete eye exam.
- For children who are referred for an eye exam, the parent/legal guardian will make an appointment at an America's Best Contacts & Eyeglasses® store convenient for them and take their child to their appointment.
- After the exam, if needed, the child will receive:
 - FREE basic prescription lenses (no upgrades)
 - FREE frame up to \$59.95 value (no upgrades)



Club Responsibilities

- Get permission slips signed by their members' parents/guardians.
- Use the Vision Screening Program Website to create participant records from the information on the signed permission slips before the screening event.
- Must provide 2-3 staff/volunteers to help run the vision screening event.

Is your club eligible for this program?

If your club is within 10 miles of an America's Best Contacts & Eyeglasses® location, you are eligible to participate in this program. It's easy to check. Just go to the America's Best Contact & Eyeglasses® website and use the "FIND A STORE" locator at the top of the webpage.

<https://www.americasbest.com/>

Participation by Piedmont Elementary School in the November "Thanksgiving" giveaway by American's Best Vision. All Piedmont students to be screen and those who qualify will receive free glasses.

Catherine Erickson
Catherine A. Erickson, CFO



November 6, 2019

Douglas Hasler
CFO
Duluth Public School System - ISD #709
215 N 1st Ave E
Duluth, MN 55802

Dear Mr. Hasler:

On behalf of the faculty and students of The College of St. Scholastica, I want to thank you and your staff for providing an excellent clinical site for student learning.

Current agency agreements were recently reviewed with no changes anticipated. Will you please review the enclosed agreement, and if no changes are required from your perspective, sign both copies, keep one, and return the other in the enclosed business reply envelope?

As you know, The College of St. Scholastica has a clinical agency affiliation discount policy for all agencies which provide clinical experiences for our students. Specifically, this policy provides to one employee a fifty percent (50%) discount of tuition for one undergraduate or graduate course per semester, per site. Please note that this tuition discount applies to agencies which are used in the academic year prior to the request for a tuition discount.

Thank you again for your generous cooperation with our educational endeavors. Please feel free to contact me with any questions you may have.

Sincerely,

William Rose
Administrative Specialist, School of Nursing
wrose@css.edu
218 723 7057

Enclosures

REVIEW AND CONTINUATION OF THE
CLINICAL LEARNING EXPERIENCE AGREEMENT
BETWEEN

The College of St. Scholastica
School of Nursing
1200 Kenwood Avenue
Duluth, Minnesota 55811-4199
(Hereinafter referred to as the COLLEGE)

AND


Duluth Public School System - ISD #709
215 N 1st Ave E
Duluth, MN 55802
(Hereinafter referred to as the FACILITY)

We have reviewed the Clinical Learning Experience Agreement between the COLLEGE and the FACILITY. The COLLEGE and the FACILITY agree to continue all terms and conditions previously agreed upon in the Clinical Learning Experience Agreement entered into on 7/30/2013.


This Agreement will be reviewed and evaluated at the close of each academic year by both parties and revisions or alterations made as are deemed advisable. Agreed upon revisions and alterations must be made in writing approved with signatures of those positions required on the primary Agreement.

This Agreement shall continue in effect unless written notice of desire to change or terminate the Agreement is given by either party to the other by June 1 of the year preceding the one in which termination is to become effective with provisions for safeguarding the program of students currently enrolled in the nursing program.


Upon signature of all parties listed below, this extension becomes effective.



07/24/19
Signature Date
Sheryl Sandahl, PhD, RN
Dean and Professor, School of Nursing
The College of St. Scholastica



07/26/19
Signature Date
Phil Rolle
Vice President, Finance/Chief Financial Officer
The College of St. Scholastica



11/22/19
Signature Date
Catherine A Erickson
Printed Name
CFO

Title
Duluth Public School System - ISD #709

Contract Number: LSC-2020-004239

**STATE OF MINNESOTA
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

MEMORANDUM OF AGREEMENT

BETWEEN

LAKE SUPERIOR COLLEGE

AND

ISD 0709

This Agreement is entered into between the State of Minnesota, acting through its **Board of Trustees of the Minnesota State Colleges and Universities**, on behalf of Lake Superior College (hereinafter "College/University"), and ISD 0709, 215 N 1ST AVE E, DULUTH, MN 55802-2069 (hereinafter "Facility").

This Agreement and any amendments and supplements thereto, shall be interpreted pursuant to the laws of the State of Minnesota.

WITNESSETH THAT:

WHEREAS, the College/University has established a Practical Nursing Program, Nursing Assistant Program, Associate Degree Program in Nursing, Baccalaureate Program in Nursing, Baccalaureate Program in Nursing for Registered Nurses, and/or a Nurse Refresher Program and Physical Therapist Assistant Program for qualified students preparing for and/or engaged in nursing and other allied health careers; and

WHEREAS, the Board of Trustees of the Minnesota State Colleges and Universities is authorized by Minnesota Statutes, Chapter 136F to enter into Agreements regarding academic programs and has delegated this authority to the College/University; and

WHEREAS, the Facility has suitable clinical facilities in general nursing and allied health for the educational needs of the nursing and allied health programs(s) of the College/University; and

WHEREAS, it is in the general interest of the Facility to assist in educating persons to be qualified or better qualified nursing and allied health personnel; and

WHEREAS, the College/University and the Facility are desirous of cooperating to furnish a clinical experience program for students of nursing and allied health programs enrolled at the College/University;

NOW, THEREFORE, it is mutually agreed by and between the College/University and the Facility:

1. COLLEGE/UNIVERSITY RESPONSIBILITIES

- a. The College/University, which is accredited by the North Central Association of Colleges and Secondary Schools, is responsible for offering one or more of the following programs: a Practical Nursing Program; a Nursing Assistant Program; an Associate Degree Program in Nursing; a Baccalaureate Program in Nursing; a Baccalaureate Program for Registered Nurses; and/or a Nurse Refresher Program; and Physical Therapist Assistant Program. Each program shall be either: 1) approved by the Minnesota Board of Nursing; and/or 2) approved by the Minnesota Department of Health.
- b. The College/University will supervise its students during the clinical experience program at the Facility, unless otherwise agreed to in writing by the parties. For nursing, the College/University will provide its nursing faculty to effectively implement the clinical experience program at the Facility. The College/University will provide at least one nursing faculty member for approximately every ten (10) students while the students are in the clinical experience program at the Facility. The College/University faculty so assigned will hold current R.N. licensure valid in the State of Minnesota.
- c. The College/University faculty will be responsible for planning, directing and evaluating the students' learning experiences. The College/University faculty will attend the Facility's orientation for clinical experience instructors as deemed necessary by the College/University and the Facility.
- d. The College/University will provide the Facility, at its request, with objectives for the clinical experience program. Implementation of those objectives will be accomplished by the College/University in cooperation with the Facility's designated representative.
- e. The College/University will provide the Facility with a list of the students who are participating in the clinical experience program, the units within the Facility where they are assigned, and the dates of each student's participation in the program.
- f. The College/University will inform its faculty and students of the Facility's policies and regulations which relate to the clinical experience program at the Facility.
- g. The College/University will inform its faculty and the students who are participating in the clinical experience program that they are encouraged to carry their own health insurance and are responsible for carrying their own professional liability insurance if professional liability insurance is not provided by the College/University.
- h. The College/University will maintain a record of students' health examinations and current immunizations and shall obtain students' permission to submit data regarding their health status to the Facility.

- i. The College/University agrees and represents that it will require all students and faculty to have completed a background study conducted in accordance with Minnesota Statutes Chapter 245C, Human Services Background Studies, as a pre-condition to participation in the clinical experience. College/University will not assign a student or faculty member to the Facility if his/her background study documents ineligibility to have direct contact with Facility's patients or residents under applicable law or regulations. If requested, College/University shall provide the Facility with documentation regarding the completion or results of the background study pursuant to the written consent of the subject.

2. FACILITY RESPONSIBILITIES

- a. The Facility will maintain current accreditation by the Joint Commission on Accreditation of Health Care Organizations (d/b/a "The Joint Commission") or any other appropriate and required accrediting body.
- b. The Facility is responsible for the safety and quality of care provided to its patients by the students who are participating in the clinical experience program at the Facility. In order to effectively fulfill that duty, it is agreed that Facility has ultimate control over all persons involved in the program and may immediately terminate the participation in the program of any of the students enrolled in the program where an emergency exists involving health and safety; and in all other (non-emergency) instances, Facility shall consult with the College/University before taking any action to terminate the participation of a student.
- c. The Facility will provide the College/University with a copy of its policies and regulations which relate to the clinical experience program.
- d. The Facility will permit the College/University faculty and students to use its patient care and patient service facilities for clinical instruction according to a mutually-approved plan.
- e. The Facility will allow a reasonable amount of Facility staff time for orientation and joint conferences with College/University faculty, for planning with College/University faculty, and for such other assistance as shall be mutually agreeable.
- f. When available, physical space such as offices, conference rooms, and classrooms of the Facility may be used by the College/University faculty and students who are participating in the clinical experience program.
- g. The College/University faculty and students participating in the clinical experience program will be permitted to use the Facility's library in accordance with the Facility's policies.
- h. The Facility will make locker or cloak room facilities available for the College/University faculty and students during assigned clinical experience program hours. These facilities may be shared by other faculty and students.

- i. The Facility assumes no responsibility for the cost of meals, uniforms, housing, parking or health care of College/University faculty and students who are participating in the clinical experience program. The Facility will permit College/University faculty and students who are participating in the clinical experience program to use any cafeteria on the same basis as employees of the Facility. The Facility will permit College/University faculty to use Facility parking spaces under the same policies governing Facility personnel.
- j. The Facility recognizes that it is the policy of the College/University to prohibit discrimination and ensure equal opportunities in its educational programs, activities, and all aspects of employment for all individuals regardless of race, color, creed, religion, gender, national origin, sexual orientation, veteran's status, marital status, age, disability, status with regard to public assistance, or inclusion in any group or class against which discrimination is prohibited by federal, state, or local laws and regulations. The Facility agrees to adhere to this policy in implementing this Agreement.
- k. **AMERICANS WITH DISABILITIES ACT (ADA) COMPLIANCE**

The Facility agrees that in fulfilling the duties of this Agreement, the Facility is responsible for complying with the American with Disabilities Act, 42 U.S.C. Chapter 12101 et seq., and any regulations promulgated to the Act. The College/University is not responsible for issues or challenges related to compliance with the ADA beyond its own routine use of facilities, services and other areas covered by the ADA.

3. MUTUAL RESPONSIBILITIES

- a. The College/University and the Facility assume joint responsibility for the orientation of the College/University faculty to Facility policies and regulations before the College/University assigns its faculty to the Facility.
- b. **HIPAA.** Solely for the purposes of defining the students' and faculty roles in relation to the use and disclosure of the Facility's protected health information, the College/University and faculty engaged in activities pursuant to this Agreement are members of the Facility workforce, as that term is defined in 45 CFR 160.103. The College/University students and faculty are not, and shall not be construed to be, employees of Facility.

The College/University shall cooperate with Facility in complying with its obligations as a HIPAA covered entity, including, but not limited to, complying with its policies and procedures under the HIPAA Privacy Regulations, 45 CFR parts 160 and 164. Prior to placement at Facility, the College/University shall instruct its students and faculty to comply with Facility's policies and procedures governing the use and disclosure of individually identifiable health information.

- c. Personnel of the College/University and the Facility will communicate regarding planning, development, implementation, and evaluation of the clinical experience program. The communication may include but not be limited to:
- i. Communication to familiarize Facility personnel with the clinical experience program's philosophy, goals and curriculum;
 - ii. Communication to familiarize the College/University faculty with the Facility's philosophy, policy and program expectations;
 - iii. Communication to keep both parties and the parties' personnel who are assigned to the clinical experience program informed of changes in philosophy, policies and any new programs which are contemplated;
 - iv. Communication about jointly planning and sponsoring in-service or continuing education programs (if appropriate);
 - v. Communication to identify areas of mutual need or concern;
 - vi. Communication to seek solutions to any problems which may arise in the clinical experience programs; and
 - vii. Communication to facilitate evaluation procedures which may be required for approval or accreditation purposes or which might improve patient care or the College/University's nursing curriculum.
- d. **INSURANCE.** Each party, at its sole expense and at all times during the term of this Agreement, shall secure and maintain the following insurances (or comparable coverage under a program of self-insurance) covering itself and its employees who perform any work, duties or obligations in connection with this Agreement.

i. **Commercial General Liability Insurance**

The College/University will maintain Commercial General Liability insurance in conformance with the Tort Claims limits set forth in Minn. Stat. 3.736, subd. 4, with limits not less than \$500,000 per person and \$1,500,000 per occurrence for bodily injury and property damage.

The Facility will maintain Commercial General Liability insurance with limits not less than \$2,000,000 per occurrence and \$2,000,000 annual aggregate for bodily injury and property damage.

ii. **Professional Liability Insurance**

The College/University will maintain Professional Liability insurance for participating students (and faculty, if applicable) or cause any student participating in the program to maintain Professional Liability insurance, with limits not less than \$2,000,000 each claim and \$3,000,000 aggregate.

The Facility will maintain Professional Liability insurance covering itself and its employees, agents or assigns with limits not less than \$2,000,000 each claim and \$3,000,000 aggregate.

If insurance covered by claims-made policies is discontinued, then extended reporting period coverage must be obtained and evidence of such coverage shall be provided to the other party.

iii. **Additional Conditions:**

An Umbrella or Excess Liability insurance policy may be used to supplement the Facility's policy limits to satisfy the full policy limits required by the Agreement.

Each party shall provide to the other party upon request certificates of insurance or self-insurance evidencing the required coverage.

If Facility receives a cancellation notice from an insurance carrier affording coverage herein, Facility agrees to notify the State of Minnesota within five (5) business days with a copy of the cancellation notice, unless Facility's policy(ies) contain a provision that coverage afforded under the policy(ies) will not be cancelled without at least thirty (30) days' advance written notice to the University.

Each party, at its sole expense, shall provide and maintain Workers' Compensation insurance as such party may be required to obtain by law. The College/University is self-insured for Workers' Compensation purposes, and any such insurance extends only to employees of the College/University, not to students.

4. STUDENT REQUIREMENTS

- a. Each student may be required, as a condition for participation in the clinical experience program, to submit the results of a health examination to the College/University and, if requested, to the Facility, to verify that no health problems exist which would jeopardize student or patient welfare. The health examination shall include an update of required immunizations. The health examination shall include a Mantoux test or chest x-ray and verification of immunity for rubeola and rubella. A list of those students with positive Mantoux or negative rubeola/rubella results may, at the request of the Facility, be provided to the Facility.
- b. Students participating in the clinical experience program shall be encouraged to carry their own health insurance.
- c. Students participating in the clinical experience program shall be responsible for carrying their own professional liability insurance if professional liability insurance is not provided by the College/University.

5. EMERGENCY MEDICAL CARE & INFECTIOUS DISEASE EXPOSURE

- a. Any emergency medical care available at the Facility will be available to College/University faculty and students. College/University faculty and students will be responsible for payment of charges attributable to their individual emergency medical care at either the Facility or the College/University.

- b. Any College/University faculty member or student who is injured or becomes ill while at the Facility shall immediately report the injury or illness to the Facility and receive treatment (if available) at the Facility as a private patient or obtain other appropriate treatment as they choose. Any hospital or medical costs arising from such injury or illness shall be the sole responsibility of the College/University faculty member or student who receives the treatment and not the responsibility of the Facility or the College/University.
- c. The Facility shall follow, for College/University faculty and students exposed to an infectious disease at the Facility during the clinical experience program, the same policies and procedures which the Facility follows for its employees.
- d. College/University faculty and students contracting an infectious disease during the period of time they are assigned to or participating in the clinical experience program must report the fact to their College/University and to the Facility. Before returning to the Facility, such a College/University faculty member or student must submit proof of recovery to the College/University or Facility, if requested.

6. LIABILITY

Each party agrees that it will be responsible for its own acts and the results thereof to the extent authorized by law and shall not be responsible for the acts of the other party and the results thereof. The College/University's liability shall be governed by the Minnesota Tort Claims Act, Minnesota Statutes § 3.736, and other applicable laws.

7. TERM OF AGREEMENT

This Agreement is effective on the later of 12/1/2019 12:00 AM, or when fully executed, and shall remain in effect until 11/30/2024 11:59 PM. This Agreement may be terminated by either party at any time upon one year written notice to the other party. Termination by the Facility shall not become effective with respect to students then participating in the clinical experience program.

8. FINANCIAL CONSIDERATION

- a. The College/University and the Facility shall each bear their own costs associated with this Agreement and no payment is required by either the College/University or the Facility to the other party, except that, where applicable, the Facility shall pay the tuition and other educational fees of students it places in the clinical experience program.
- b. The Facility is not required to reimburse the College/University faculty or students for any services rendered to the Facility or its patients pursuant to this Agreement.

9. AMENDMENTS

Any amendment to this Agreement shall be in writing and signed by authorized officers of each party.

10. ASSIGNMENT

Neither the College/University nor the Facility shall assign or transfer any rights or obligations under this Agreement without the prior written consent of the other party.

11. STATE AUDIT

The books, records, documents and accounting procedures and practices of the Facility relevant to this Agreement shall be subject to examination by the College/University and the Legislative Auditor.

12. DATA PRIVACY

The requirements of Minnesota Statutes § 13.05, subd. 11 apply to this contract. The Facility and College/University must comply with the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, as it applies to all data provided by the College/University in accordance with this contract, and as it applies to all data, created, collected, received, stored, used, maintained, or disseminated by the Facility in accordance with this contract. The civil remedies of Minnesota Statutes §13.08 apply to the release of the data referred to in this clause by either the Facility or the College/University.

In the event the Facility receives a request to release the data referred to in this clause, the Facility must immediately notify the College/University. The College/University will give the Facility instructions concerning the release of the data to the requesting party before the data is released.

The parties additionally acknowledge that the Family Educational Rights and Privacy Act, 20 U.S.C. 1232g and 34 C.F.R. 99, apply to the use and disclosure of education records that are created or maintained under this agreement.

13. OTHER PROVISIONS: None.

The rest of this page intentionally left blank. Signature page to follow.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed intending to be bound thereby.

APPROVED:

1. FACILITY: ISD 0709

Facility certifies that the appropriate person(s) have executed the Agreement on behalf of Facility as required by applicable articles, by-laws, resolutions, or ordinances.

By (authorized signature and printed name) <i>Jason Crane</i> Jason Crane
Title Director of Special Education
Date 11/22/2019 10:31:44 AM CST

By (authorized signature and printed name) <i>Cathy Erickson</i> Cathy Erickson
Title Executive Director of Business Services
Date 11/22/2019 12:20:38 PM CST

2. COLLEGE/UNIVERSITY: LAKE SUPERIOR COLLEGE

By (authorized signature and printed name) <i>Hanna Erpestad</i> Hanna Erpestad
Title Interim VP of Academic & Student Affairs
Date 11/26/2019 7:54:16 AM CST

By (authorized signature and printed name)
Title
Date

3. AS TO FORM AND EXECUTION:

By (authorized signature and printed name) <i>Nickoel Anderson</i> Nickoel Anderson
Title Director of Business Services
Date 11/26/2019 1:30:04 PM CST

Certificate Of Completion

Envelope Id: B41BBA8C5A9347D1910169A6FF338F37

Status: Completed

Subject: Signature request on Contract LSC ISD 0709 Duluth Public Schools FY20 FY21 FY22 FY23 FY24

Source Envelope:

Document Pages: 9

Signatures: 4

Envelope Originator:

Certificate Pages: 5

Initials: 0

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Saint Paul, MN 55101

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contracts@minnstate.edu

IP Address: 199.188.157.82

Record Tracking

Status: Original

Holder: Jaggaer Interface

Location: DocuSign

11/21/2019 11:59:15 AM

contracts@minnstate.edu

Signer Events

Jason Crane

jason.crane@isd709.org

Security Level: Email, Account Authentication
(None)

Signature

DocuSigned by:
Jason Crane
CF497C9FAAC8454...

Timestamp

Sent: 11/21/2019 12:09:30 PM

Viewed: 11/22/2019 10:31:11 AM

Signed: 11/22/2019 10:31:44 AM

Signature Adoption: Pre-selected Style

Using IP Address: 107.77.210.53

Electronic Record and Signature Disclosure:

Accepted: 11/22/2019 10:31:11 AM

ID: ef7bcd4-f4ab-438a-865e-5a98ae41caaa

Cathy Erickson

catherine.erickson@isd709.org

CFO

Duluth Public Schools ISD 709

Security Level: Email, Account Authentication
(None)

DocuSigned by:
Cathy Erickson
363DDb8A52D84F1...

Sent: 11/22/2019 10:31:45 AM

Viewed: 11/22/2019 12:19:56 PM

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Electronic Record and Signature Disclosure:

Accepted: 11/22/2019 12:19:56 PM

ID: 5b82e2eb-92d6-428e-aa9e-8dd0e3d18b2b

Hanna Erpestad

hanna.erpestad@isc.edu

Interim VP of Academic & Student Affairs

Security Level: Email, Account Authentication
(None)

DocuSigned by:
Hanna Erpestad
8289E7964A1D478...

Sent: 11/22/2019 12:20:39 PM

Viewed: 11/26/2019 7:53:59 AM

Signed: 11/26/2019 7:54:16 AM

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Electronic Record and Signature Disclosure:

Accepted: 11/26/2019 7:53:59 AM

ID: 06a91d0a-f161-485c-8db0-5bcc47728f9

Nickoel Anderson

nickoel.anderson@isc.edu

Director of Business Services

Security Level: Email, Account Authentication
(None)

DocuSigned by:
Nickoel Anderson
838A7D7F04B4430...

Sent: 11/26/2019 7:54:17 AM

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Viewed: 11/26/2019 11:38:26 AM

Signed: 11/26/2019 1:30:04 PM

Signature Adoption: Pre-selected Style

Using IP Address: 204.77.44.52

Electronic Record and Signature Disclosure:

Accepted: 11/26/2019 1:29:37 PM

ID: e38083d8-da85-45cf-a663-58cd9ada1078

In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
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Envelope Sent	Hashed/Encrypted	11/26/2019 12:16:49 PM
Certified Delivered	Security Checked	11/26/2019 12:15:44 PM
Signing Complete	Security Checked	11/26/2019 1:30:04 PM
Completed	Security Checked	11/26/2019 1:30:04 PM
Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, Minnesota State Colleges and Universities (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact Minnesota State Colleges and Universities:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: michael.noble-olson@minnstate.edu

To advise Minnesota State Colleges and Universities of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at michael.noble-olson@minnstate.edu and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

To request paper copies from Minnesota State Colleges and Universities

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to michael.noble-olson@minnstate.edu and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with Minnesota State Colleges and Universities

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an email to michael.noble-olson@minnstate.edu and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

Acknowledging your access and consent to receive and sign documents electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to ‘I agree to use electronic records and signatures’ before clicking ‘CONTINUE’ within the DocuSign system.

By selecting the check-box next to ‘I agree to use electronic records and signatures’, you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify Minnesota State Colleges and Universities as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by Minnesota State Colleges and Universities during the course of your relationship with Minnesota State Colleges and Universities.

STUDENT TEACHING AFFILIATION AGREEMENT

This agreement is made this 30th day of July, 2019 by and between **Regents of the University of Minnesota through its College of Education and Human Development** (hereinafter referred to as "University") and **Duluth Public School District 709** (hereinafter "School District").

WHEREAS, the University seeks to provide opportunities to its students to student teach in a public school setting.

WHEREAS, the School District is able and willing to provide such opportunities to the University students who meet appropriate requirements as set forth herein.

WHEREAS, the School District and the University have identified the School District as appropriate to provide such student teaching opportunities.

WHEREAS, "Student" or "Student Teacher" is defined as the university student who is completing practicum and student teaching as part of the state approved teacher licensure program offered at the University.

NOW THEREFORE, in consideration of the mutual promises herein contained, the parties enter into the Agreement as follows:

1. DUTIES AND RESPONSIBILITIES OF THE UNIVERSITY

- A. *Selection of Students.* The University shall be responsible for the selection of qualified Students to participate in the field experiences or student teaching experience. Selected Students must have the appropriate educational background and skills consistent with the proposed educational experiences offered by the School District.
- B. *Education of Students.* The University shall assume full responsibility for the classroom education of its Students. The University shall be responsible for the administration of the program, the curriculum content, and the requirements of matriculation, grading and graduation.
- C. *Submission of Candidates.* The University shall submit the names of the Students to the School District or a designated representative prior to the practicum assignment or student teaching.
- D. *Advising Students of Rights and Responsibilities.* The University will be responsible for advising the Student of his or her own responsibilities under this Agreement. The Student shall be advised of his or her obligations to abide by the policies and procedures of the School District, and should any Student fail to abide by any policy and/or procedure, he or she may be expelled from the program.
- E. *Honorarium.* For and in consideration of the placement of Student Teachers with district cooperating/mentor teachers, the University agrees to pay each cooperating/mentor teacher selected to guide the Student's experience an honorarium. This honorarium is in addition to the regular salary paid by the School District; if the amount of the honorarium differs from the standard University rate, the amount will memorialized in an addendum attached to this Agreement. Nothing about this Agreement, including the University's payment of this honorarium, shall be construed to make the cooperating/mentor teacher an employee, agent, or representative of the University. The cooperating/mentor teacher is responsible for any tax withholding or reporting associated with this honorarium.

2. DUTIES AND RESPONSIBILITIES OF THE SCHOOL DISTRICT

- A. *Establishment of Practicum or Student Teaching.* The School District authorizes the use of its facilities as may be agreed upon by the School District and the University as a practicum or student teaching, professional development, field experiences and observations.

- B. *Policies of School District.* The School District will provide the University or Student directly all the applicable district and school policies in advance of the Student's participation. Student Teachers shall not be accepted into the schools of the School District until they have complied with mandatory background check.
- C. *Removal of Noncompliant Student.* The School District shall have the authority to immediately remove a Student who fails to comply with its policies and procedures. If such a removal occurs, the School District should immediately contact the responsible University Coordinator of Clinical Partnerships in the Office of Teacher Education. Notwithstanding the foregoing, when possible, School District agrees to notify University immediately if a Student is not performing satisfactorily. The School District will follow any oral notice made under this paragraph with a written memorandum.
- D. *Supervision of Students.* The School District shall provide a qualified cooperating/mentor teacher who will supervise student activities during practicum experience or student teaching.
- E. *Reporting of Student Progress.* The School District shall provide all reasonable information requested by the University on a Student's performance. If there are any Student evaluations, they will be completed and returned according to any reasonable schedule agreed to by the University and the School District.
- F. *Student Records.* The School District shall protect the confidentiality of student records as dictated by the Family Educational Rights and Privacy Act (FERPA) and shall release no information absent written consent of the Student unless required to do so by law or as dictated by the terms of this Agreement.
- G. *Eligibility Requirements.* Each cooperating teacher selected to supervise the Student Teacher shall hold a current Minnesota certification in the subject area/grade level to which the Student Teacher is assigned. The cooperating teacher will have a minimum of three (3) years of full-time teaching experience and the approval of a school district's administrator.
- H. *Substitute Teaching.* The School District shall prohibit Student Teachers from being substitute teachers at any time during their student teaching assignments.

3. MUTUAL TERMS AND CONDITIONS

- A. *Number of Participating Students.* The parties will mutually agree upon the number of Students that shall be assigned to the School District for this practicum or student teaching experience.
- B. *Term of Agreement.* The term of this Agreement shall be five years from the date of execution.
- C. *Termination of Agreement.* The University or the School District may terminate this Agreement for any reason upon ninety (90) days' written notice. Either party may terminate this Agreement in the event of material breach, if such breach is not fixed within thirty (30) days of receiving written notice thereof. However, should the School District terminate this Agreement prior to the completion of an academic semester, all students enrolled at that time shall continue their educational experience until it would have been concluded absent the termination.
- D. *Nondiscrimination.* The parties agree to continue their respective policies of nondiscrimination based on Title VI of the Civil Rights Act of 1964 in regard to sex, age, race, color, creed, national origin, Title IX of the Education Amendments of 1972 and other applicable laws, as well as the provisions of the Americans with Disabilities Act.
- E. *Interpretation of the Agreement.* The laws of the state of Minnesota shall govern this Agreement.
- F. *Modification of Agreement.* This Agreement shall only be modified in writing with the same formality as the original Agreement.
- G. *Relationship of Parties.* The relationship between parties to this Agreement to each other is that of independent contractors. The relationship of the parties to this contract to each other shall not be construed to constitute a partnership, joint venture or any other relationship, other than that of independent contractors.
- H. *Liability & Insurance.* Each party to this Agreement is responsible for the negligent acts and/or

omissions of its own officers, students, employees, volunteers and agents. Neither party is considered the agent of the other and neither party assumes any responsibility to the other for the consequences of any act or omission of any person or entity not a party to this Agreement.

Each party shall maintain during the term of this Agreement a liability insurance program with coverage for itself, its officers, employees, volunteers and agents. Evidence of liability insurance shall be provided upon request by either party. The University shall maintain professional and general liability insurance in minimum amounts of \$1,000,000 for each claim/\$3,000,000 annual aggregate, and that policy shall include within the scope of its coverage all University Students for activities performed within the course and scope of their duties under this agreement. General liability coverage for Students is limited to bodily injury and property damage claims.

Nothing contained in this section or elsewhere in this Agreement will be construed as: (i) an express or implied waiver by either party of its governmental immunity; (ii) an express or implied acceptance by University of liabilities arising as a result of actions which lie in tort or could lie in tort in excess of the liabilities allowable under the applicable governmental immunity laws.

1. *Entire Agreement.* This Agreement represents the entire understanding between the parties. No other prior or contemporaneous oral or written understandings or promises exist in regards to this relationship.

IN WITNESS WHEREOF, the authorized representatives of the parties have executed this Agreement as of the date previously indicated.

**For REGENTS OF THE UNIVERSITY OF
MINNESOTA through its College of
Education and Human Development:**

For School/School District:

Authorized Signature

Print Name/Title

Date

Catherine Erickson

Authorized Signature

Catherine A. Erickson, CFO

Print Name/Title

11/22/19

Date

**Revenue Contracts Signed
November 2019**

For your information, the Superintendent or the Executive Director of Business Services has signed the following revenue contracts during the month of November 2019:

Name	Amount	Contract Source	Description
Lake Superior College (LSC)	\$860.00	Business Services	Basketball games at Ordean East
Lake Superior College (LSC)	\$660.00	Business Services	Basketball practice gym rental at HOCHS

F.Y.	Cost Center	Obj. Code	Amount	Vendor#	P.O #
2020	570000	1010	\$860.00	0000194009	P0162567



MINNESOTA STATE
FACILITIES USE AGREEMENT
OFF-CAMPUS FACILITIES ONLY

THIS FACILITIES USE AGREEMENT is between the **ISD 0709** ("Licensor"), 215 N 1ST AVE E, DULUTH, MN 55802-2069 and the State of Minnesota, by and through the Board of Trustees of the Minnesota State Colleges and Universities, on behalf of **LAKE SUPERIOR COLLEGE**("Minnesota State").

1. **PERMITTED USE.** Licensor agrees to allow Minnesota State use of the following (hereinafter defined as the "Space"):

Location: *Ordean – East Middle School, 2900 E. 4th St, Duluth MN 55812*

Date and Time: *Jan 18, 2020 11:30 am – 5:30 pm & Feb 19, 2020 3:30 – 9:30pm*
 *See Exhibit A

Description of Activity or Event: *MCAC & NJCAA sanctioned collegiate basketball games for men's and women's LSC Basketball teams*

2. **FEE.** For its use of the Space, Minnesota State agrees to pay to Licensor a fee of up to Eight Hundred Sixty Dollars and 00/00 (\$860.00), which shall be payable in arrears within thirty (30) days of Minnesota State's receipt of Licensor's invoice, in the amount of up to Eight Hundred Sixty Dollars and 00/00 \$860.00. *Prepayment by Minnesota State is prohibited by Minnesota Statute.*
3. **TERM OF AGREEMENT; CANCELLATION.** This agreement shall be effective as of October 24, 2019 or the date when the final required signature is obtained by Minnesota State, and shall remain in effect until March 31, 2020. This agreement may be canceled by either party at any time, for any reason, upon 30 (Thirty) days written notice to the other party. Licensor expressly understands and agrees that this agreement is not intended to and does not create a landlord-tenant relationship between the parties.

4. **AUTHORIZED REPRESENTATIVES.**

All notices, requests, and other communications between Licensor and Minnesota State that are required or that Licensor or Minnesota State elect to deliver shall be deemed sufficiently given or rendered if in writing and delivered to either party personally, by a recognized overnight courier service or by United States mail, first-class, certified or registered, postage prepaid, (return receipt required) addressed as follows:

Minnesota State's authorized agent:
Name/Title: Daniel Fanning
Address: 2101 Trinity Road, Duluth, MN 55811
Telephone: +1 218-733-6945
Email Address: daniel.fanning@lsc.edu

With a copy to:

Minnesota State
ATTN: Real Estate Services
30 E. 7th Street, Suite 350
St. Paul, MN 55101

Licensor's authorized agent:
Name: Cathy Erickson
Address: 215 N 1ST AVE E, DULUTH, MN 55802-2069
Telephone: +1 218-336-8704
Email Address: cathy.erickson@isd709.org

5. **MAINTENANCE OF SPACE.** Minnesota State agrees to maintain the Space in a reasonably clean and sanitary condition. Licensor shall provide the following:
- a. all utilities reasonably required to use the Space, including heating, cooling, and electricity;
 - b. parking consisting of available general parking in the Ordean MS parking lot.
 - c. building security customarily provided by Licensor; Minnesota State may provide additional security at its own expense;
 - d. janitorial services;
 - e. any necessary keys or access codes;
 - f. other: Use of locker rooms and two classrooms for team meeting pre-game.

Licensor shall allow Minnesota State to place temporary signs directing students and other attendees to its event.

6. **BUILDING HOURS.** The building hours are 6:30 am – 10:00 pm Minnesota State may access the space during the specified hours.

7. **RULES AND REGULATIONS.** Minnesota State agrees to comply with the building rules and regulations attached as **Exhibit C** during its use of the Space which are not inconsistent with this agreement, Minnesota State board policies and applicable laws.
8. **LIABILITY.** Each party shall be responsible for its own acts and omissions and the results thereof to the extent authorized by law and shall not be responsible for the other party's acts and omissions and the results thereof. The State's and Minnesota State's liability under this Agreement is governed by the Minnesota Tort Claims Act, Minnesota Statutes §3.736 and other applicable laws.
9. **INSURANCE.** Minnesota State maintains commercial general liability insurance in compliance with the Tort Claims limits set forth in Minn. Stat. §3.736, subd. 4, as amended. Minnesota State shall name Licensor as an additional insured upon request. Minnesota State shall maintain this coverage at its sole expense during its use of the Space. For purposes of this Agreement, Licensor shall maintain applicable insurance coverage consistent with the coverages outlined on **Exhibit B**, attached hereto and made a part of this Facilities Use Agreement. Licensor shall maintain coverages at its sole expense during the term of this Agreement. Minnesota State and Licensor shall provide each other with certificates of insurance, upon request. Coverage afforded under these policies shall not be cancelled without at least thirty (30) days advance written notice to the certificate holder. Each party, at its sole expense, shall provide and maintain workers' compensation insurance as such party may be required to obtain by law. Minnesota State is self-insured for workers' compensation purposes, and any such insurance extends only to employees of Minnesota State, not to students.
10. **MINNESOTA DATA PRACTICES ACT.** Minnesota State and Licensor agree to comply with the terms of the Minnesota Data Practices Act, Minnesota Statutes, Chapter 13, with regard to data related to this Agreement.
11. **AMERICANS WITH DISABILITIES ACT (ADA) COMPLIANCE.** Licensor is responsible for complying with the Americans with Disabilities Act, 42 U.S.C. section 12101, et seq., and any regulations promulgated pursuant to the Act.
12. **AUDIT.** The books, records, documents, and accounting procedures and practices of the Licensor relevant to this contract shall be subject to examination by Minnesota State and the Legislative Auditor for a minimum of six (6) years from the end of the agreement.
13. **ASSIGNMENT; AMENDMENTS.** Neither party shall assign nor transfer any rights or obligations under this agreement without the prior written consent of the other party. All amendments to this agreement shall be in writing and executed by a duly authorized representative of each party.
14. **BREACH.** In the event that Licensor breaches this Agreement, Minnesota State shall have

the right to immediately terminate this Agreement, as well as any other remedy available at law or equity.

15. **GOVERNING LAW; VENUE.** This Agreement, including all exhibits, amendments and supplements thereto, shall be governed by the laws of the State of Minnesota. Venue for all legal proceedings arising out of this contract, or breach thereof, shall be in the state or federal court with competent jurisdiction in Ramsey County, Minnesota.
16. **ENTIRE AGREEMENT.** This Agreement (including all exhibits, as shown below intended by the parties as the final and binding expression of their agreement and as the complete and exclusive statement of its terms. This Agreement supersedes all prior negotiations, representations and agreements between the parties, whether oral or written, relating to the subject matter of this Agreement.
 - Agreement
 - **EXHIBIT A,** Schedule of Games
 - **EXHIBIT B,** General Insurance Requirements
 - **EXHIBIT C ISD709** Policies and Rules
 - **Any Subsequent amendments, addendum properly executed by the parties.**
17. **SPECIAL PROVISIONS.** None.

SIGNATURE BLOCK IS ON NEXT PAGE

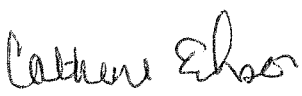
Signature Page for Facilities Use Agreement – Off-Campus Facilities Only

IN WITNESS WHEREOF, the parties have caused this agreement to be duly executed intending to be bound thereby.

APPROVED:

1. LICENSOR: ISD 0709

Licensor certifies that the appropriate person(s) have executed the Agreement on behalf of Licensor as required by applicable articles, bylaws, resolutions, or ordinances.

By (authorized signature)

Title CFO -
Date 11/18/19

2. Minnesota State: STATE OF MINNESOTA BY AND THROUGH THE BOARD OF TRUSTEES OF MINNESOTA STATE COLLEGES AND UNIVERSITIES, ON BEHALF OF LAKE SUPERIOR COLLEGE

By (authorized signature)
Title
Date

3. AS TO ENCUMBRANCE:

By (authorized signature)
Title
Date

4. AS TO FORM AND EXECUTION:

By (authorized signature)
Title
Date

EXHIBIT A

2019 - 2020 Men's and Women's IceHawks Basketball Schedule

Day	Date	Game against	Men	Women	H or A	Location and if Home game or Away game
Wednesday	13-Nov	Fond du Lac (Crossover Game)	7:30 PM	5:30 PM	A	@ Fond Du Lac
Wednesday	20-Nov	St. Cloud Tech	7:30 PM	5:30 PM	A	@ St. Cloud Tech
Friday	22-Nov	Riverland Community College overnight	TBD	TBD	A	@Central Lakes College
Saturday	23-Nov	Fergus Falls	TBD	TBD	A	@Central Lakes College
Tuesday	26-Nov	Gogebic Community College	7:00 PM	5:00 PM	H	@ CSS
Wednesday	4-Dec	St. Cloud Tech	7:30 PM	5:30 PM	H	@ UWS
Friday	13-Dec	Hibbing Community College	7:30 PM	5:30 PM	A	@ Hibbing
Saturday	14-Dec	Rainy River Community College	3:00 PM	1:00 PM	A	@ Rainy River
Friday	20-Dec	Central Lakes College	7:00 PM	5:00 PM	A	@ Central lakes
Saturday	21-Dec	Itasca Community College	3:00 PM	1:00 PM	A	@ Itasca
Wednesday	8-Jan	Hibbing Community College	7:30 PM	5:30 PM	H	@ CSS
Saturday	11-Jan	Rainy River Community College	6:00 PM	4:00 PM	H	@ CSS
Wednesday	15-Jan	Fond du Lac Tribal & Community College	7:30 PM	5:30 PM	H	@ CSS
Friday	17-Jan	Mesabi Range College	7:30 PM	5:30 PM	A	@ Mesabi Range-Virginia, MN
Saturday	18-Jan	Northland College	3:00 PM	1:00 PM	H	@ Ordean MS
Wednesday	22-Jan	Vermillion Community College	7:30 PM	5:30 PM	H	@ UWS
Friday	24-Jan	Gogebic	7:00 PM	5:00 PM	A	@ Gogebic
Wednesday	29-Jan	Hibbing Community College	7:30 PM	5:30 PM	A	@ Hibbing
Saturday	1-Feb	Central Lakes College	3:00 PM	1:00 PM	H	@ CSS
Wednesday	5-Feb	Rainy River Community College	7:30 PM	5:30 PM	A	@ Rainy River
Saturday	8-Feb	Fond du Lac Tribal & Community College	3:00 PM	1:00 PM	A	@ FDLTCC
Wednesday	12-Feb	Vermillion Community College	7:30 PM	5:30 PM	A	@ Vermillion
Saturday	15-Feb	Itasca Community College	3:00 PM	1:00 PM	H	@ UWS
Wednesday	19-Feb	Mesabi Range College	7:30 PM	5:30 PM	H	@ Ordean MS
Saturday	22-Feb	Northland Community & Technical College	3:00 PM	1:00 PM	A	@ Northland CTC-E Grand Forks

10/25/2019

EXHIBIT B
GENERAL INSURANCE REQUIREMENTS

1. Workers' Compensation Insurance

- A. Statutory Compensation Coverage
- B. Coverage B – Employers Liability with limits of not less than:
 - \$100,000 Bodily Injury by Disease per Employee
 - \$500,000 Bodily Injury by Disease Aggregate
 - \$100,000 Bodily Injury by Accident

2. General Liability Insurance

- A. Minimum Limits of Liability:
 - \$2,000,000 – Per Occurrence
 - \$2,000,000 – Annual Aggregate
 - \$2,000,000 – Annual Aggregate applying to Products/Completed Operations
- B. Coverages:
 - Premises and Operations Bodily Injury and Property Damage
 - Personal & Advertising Injury
 - Blanket Contractual
 - Products and Completed Operations
 - Other; if applicable, please list _____
 - State of Minnesota or Minnesota State Colleges and Universities named as Additional Insured

Additional Insurance Conditions

- Licensor's policy(ies) shall be primary insurance to any other valid and collectible insurance available to the State of Minnesota with respect to any claim arising out of the Licensor's performance under this Agreement.
- Licensor agrees to notify the State of Minnesota within five (5) business days with a copy of the cancellation notice, unless Licensor's policy(ies) contain a provision that coverage afforded under the policy(ies) will not be cancelled without at least thirty (30) days advance written notice to the State of Minnesota
- Licensor is responsible for payment of Agreement related insurance premiums and deductibles.
- If Licensor is self-insured, a Certification of Self-Insurance must be attached.
- Licensor's policy(ies) shall include legal defense fees in addition to the liability policy limits.
- Licensor shall obtain insurance policy(ies) from insurance company(ies) having an "AM Best" rating of A- (minus), Financial Size Category of VII or better, and authorized to do business in the State of Minnesota.
- An Umbrella or Excess Liability insurance policy may be used to supplement the Licensor's policy limits to satisfy the full policy limits required by the Agreement.

EXHIBIT C RULES AND REGULATIONS

Independent School District No. 709 - Duluth Public Schools

Summary of Policies and Regulations for Use of School Facilities

School facilities are an integral part of the community and may be used to promote school, civic, or social goals in accordance with policies and regulations. The requirements of the school program will receive priority in the assignment of school facilities. Charges for use of facilities and equipment shall be made in accordance with schedules established by the School Board.

- The School Board reserves the right to deny or cancel use of school facilities at any time. All rules, regulations and rates are subject to change as determined by the School Board.
- Final approval of unusual events, either in character or length of time, will be granted by the Superintendent or Director of Community Education.
- Permit holders must be responsible persons at least 18 years of age. Recreational leaders and instructors must be responsible and qualified individuals. No leader may place a substitute in charge of a group without securing approval from the building principal and/or the community education coordinator.
- Users of school facilities may be subject to rental fees as determined by the School Board and published in a separate fee schedule. Payment for use of building facilities should be made to Independent School District No. 709, Central Administration Building, 215 North First Avenue East, Duluth, MN 55802.
- Responsibility and liability for injury to person or damage to school board property must be assumed by the organization or individual signing the application.
- No group, organization or individual may sublet use of the building/facility to any other group.
- All requests for special equipment or services shall be made when applying for a facility use permit.
- A permit may be cancelled by the building principal and/or the community education coordinator if warranted by conduct or infractions of rules.
- The custodian-engineer on duty will supervise the operation of the physical plant and will not be required to supervise groups or activities.
- Smoking is not permitted on school premises.
- Alcoholic beverages are not permitted on school premises.
- Gambling is not allowed on school property.

The school reserves the right to cancel all or a portion of the building use permit due to the following reasons:

- School events
- Poor weather
- Damage
- Lack of supervision
- Noncompliance with permit times
- Noncompliance with school district policy
- Noncompliance with associated fees (if any)
- When school or youth groups need the use of the facility

F.Y.	Cost Center	Obj. Code	Amount	Vendor#	P.O #
2020	570000	1010	660.00	18434817	P0162571



MINNESOTA STATE
FACILITIES USE AGREEMENT
OFF-CAMPUS FACILITIES ONLY

THIS FACILITIES USE AGREEMENT is between the **ISD 0709** ("Licensor"), 215 N 1ST AVE E, DULUTH, MN 55802-2069 and the State of Minnesota, by and through the Board of Trustees of the Minnesota State Colleges and Universities, on behalf of **LAKE SUPERIOR COLLEGE**("Minnesota State").

1. **PERMITTED USE.** Licensor agrees to allow Minnesota State use of the following (hereinafter defined as the "Space"):

Location: 215 North First Avenue East, Duluth, Minnesota 55802
Gymnasium

Date and Time: See attachment – Exhibit A

Description

of Activity or Event: Basketball Practice for Lake Superior College women's team on various dates throughout September, October, November, December 2019 and January, February 2020. See Exhibit A

2. **FEE.** For its use of the Space, Minnesota State agrees to pay to Licensor a fee of up to Six Hundred Sixty Dollars and 00/00 (\$660.00) for practice court rental of Fifteen Dollars and 00/00 (\$15.00) per hour during the FY20 season, up to Six Hundred Sixty Dollars and 00/00 (\$660.00) which shall be payable in arrears within thirty (30) days of Minnesota State's receipt of Licensor's invoice. *Prepayment by Minnesota State is prohibited by Minnesota Statute.*
3. **TERM OF AGREEMENT; CANCELLATION.** This agreement shall be effective as of October 24, 2019 or the date when the final required signature is obtained by Minnesota State, and shall remain in effect until April 30, 2020. This agreement may be canceled by either party at any time, for any reason, upon 30 (Thirty) days written notice to the other party. Licensor expressly understands and agrees that this agreement is not intended to and

does not create a landlord-tenant relationship between the parties.

4. **AUTHORIZED REPRESENTATIVES.**

All notices, requests, and other communications between Licensor and Minnesota State that are required or that Licensor or Minnesota State elect to deliver shall be deemed sufficiently given or rendered if in writing and delivered to either party personally, by a recognized overnight courier service or by United States mail, first-class, certified or registered, postage prepaid, (return receipt required) addressed as follows:

Minnesota State's authorized agent:
Name/Title: Daniel Fanning
Address: 2101 Trinity Road, Duluth, MN 55811
Telephone: +1 218-733-6945
Email Address: daniel.fanning@lsc.edu

With a copy to:

Minnesota State
ATTN: Real Estate Services
30 E. 7th Street, Suite 350
St. Paul, MN 55101

Licensor's authorized agent:
Name: Cathy Erickson
Address: 215 N 1ST AVE E, DULUTH, MN 55802-2069
Telephone: +1 218-336-8704
Email Address: cathy.erickson@isd709.org

5. **MAINTENANCE OF SPACE.** Minnesota State agrees to maintain the Space in a reasonably clean and sanitary condition. Licensor shall provide the following:
- a. all utilities reasonably required to use the Space, including heating, cooling, and electricity;
 - b. parking consisting of available public parking in the area
 - c. building security customarily provided by Licensor; Minnesota State may provide additional security at its own expense;
 - d. janitorial services;
 - e. any necessary keys or access codes;
 - f. other: None

Licensor shall allow Minnesota State to place temporary signs directing students and other attendees to its event.

6. **BUILDING HOURS.** The building hours are 7:00 am – 10:00 pm Minnesota State may access the space during the specified hours.

7. **RULES AND REGULATIONS.** Minnesota State agrees to comply with the building rules and regulations attached as **Exhibit C** during its use of the Space which are not inconsistent with this agreement, Minnesota State board policies and applicable laws.
8. **LIABILITY.** Each party shall be responsible for its own acts and omissions and the results thereof to the extent authorized by law and shall not be responsible for the other party's acts and omissions and the results thereof. The State's and Minnesota State's liability under this Agreement is governed by the Minnesota Tort Claims Act, Minnesota Statutes §3.736 and other applicable laws.
9. **INSURANCE.** Minnesota State maintains commercial general liability insurance in compliance with the Tort Claims limits set forth in Minn. Stat. §3.736, subd. 4, as amended. Minnesota State shall name Licensor as an additional insured upon request. Minnesota State shall maintain this coverage at its sole expense during its use of the Space. For purposes of this Agreement, Licensor shall maintain applicable insurance coverage consistent with the coverages outlined on **Exhibit B**, attached hereto and made a part of this Facilities Use Agreement. Licensor shall maintain coverages at its sole expense during the term of this Agreement. Minnesota State and Licensor shall provide each other with certificates of insurance, upon request. Coverage afforded under these policies shall not be cancelled without at least thirty (30) days advance written notice to the certificate holder. Each party, at its sole expense, shall provide and maintain workers' compensation insurance as such party may be required to obtain by law. Minnesota State is self-insured for workers' compensation purposes, and any such insurance extends only to employees of Minnesota State, not to students.
10. **MINNESOTA DATA PRACTICES ACT.** Minnesota State and Licensor agree to comply with the terms of the Minnesota Data Practices Act, Minnesota Statutes, Chapter 13, with regard to data related to this Agreement.
11. **AMERICANS WITH DISABILITIES ACT (ADA) COMPLIANCE.** Licensor is responsible for complying with the Americans with Disabilities Act, 42 U.S.C. section 12101, et seq., and any regulations promulgated pursuant to the Act.
12. **AUDIT.** The books, records, documents, and accounting procedures and practices of the Licensor relevant to this contract shall be subject to examination by Minnesota State and the Legislative Auditor for a minimum of six (6) years from the end of the agreement.
13. **ASSIGNMENT; AMENDMENTS.** Neither party shall assign nor transfer any rights or obligations under this agreement without the prior written consent of the other party. All amendments to this agreement shall be in writing and executed by a duly authorized representative of each party.
14. **BREACH.** In the event that Licensor breaches this Agreement, Minnesota State shall have

the right to immediately terminate this Agreement, as well as any other remedy available at law or equity.

15. **GOVERNING LAW; VENUE.** This Agreement, including all exhibits, amendments and supplements thereto, shall be governed by the laws of the State of Minnesota. Venue for all legal proceedings arising out of this contract, or breach thereof, shall be in the state or federal court with competent jurisdiction in Ramsey County, Minnesota.

16. **ENTIRE AGREEMENT.** This Agreement (including all exhibits, as shown below intended by the parties as the final and binding expression of their agreement and as the complete and exclusive statement of its terms. This Agreement supersedes all prior negotiations, representations and agreements between the parties, whether oral or written, relating to the subject matter of this Agreement.
 - Agreement
 - **EXHIBIT A,** Scheduled dates of rental
 - **EXHIBIT B,** General Insurance Requirements
 - **Any Subsequent amendments, addendum properly executed by the parties.**

17. **SPECIAL PROVISIONS.** None

SIGNATURE BLOCK IS ON NEXT PAGE


Signature Page for Facilities Use Agreement – Off-Campus Facilities Only

IN WITNESS WHEREOF, the parties have caused this agreement to be duly executed intending to be bound thereby.

APPROVED:

1. LICENSOR: ISD 0709

Licensor certifies that the appropriate person(s) have executed the Agreement on behalf of Licensor as required by applicable articles, bylaws, resolutions, or ordinances.

By (authorized signature) 
Title <u>CFD</u>
Date <u>11/15/19</u>

2. Minnesota State: STATE OF MINNESOTA BY AND THROUGH THE BOARD OF TRUSTEES OF MINNESOTA STATE COLLEGES AND UNIVERSITIES, ON BEHALF OF LAKE SUPERIOR COLLEGE

By (authorized signature)
Title
Date

3. AS TO ENCUMBRANCE:

By (authorized signature)
Title
Date

4. AS TO FORM AND EXECUTION:

By (authorized signature)
Title
Date

EXHIBIT A

See calendar/Schedule of Practice dates attached

EXHIBIT B
GENERAL INSURANCE REQUIREMENTS

1. Workers' Compensation Insurance

- A. Statutory Compensation Coverage
- B. Coverage B – Employers Liability with limits of not less than:
 - \$100,000 Bodily Injury by Disease per Employee
 - \$500,000 Bodily Injury by Disease Aggregate
 - \$100,000 Bodily Injury by Accident

2. General Liability Insurance

- A. Minimum Limits of Liability:
 - \$2,000,000 – Per Occurrence
 - \$2,000,000 – Annual Aggregate
 - \$2,000,000 – Annual Aggregate applying to Products/Completed Operations
- B. Coverages:
 - Premises and Operations Bodily Injury and Property Damage
 - Personal & Advertising Injury
 - Blanket Contractual
 - Products and Completed Operations
 - Other; if applicable, please list _____
 - State of Minnesota or Minnesota State Colleges and Universities named as Additional Insured

Additional Insurance Conditions

- Licensors' policy(ies) shall be primary insurance to any other valid and collectible insurance available to the State of Minnesota with respect to any claim arising out of the Licensors' performance under this Agreement.
- Licensors agree to notify the State of Minnesota within five (5) business days with a copy of the cancellation notice, unless Licensors' policy(ies) contain a provision that coverage afforded under the policy(ies) will not be cancelled without at least thirty (30) days advance written notice to the State of Minnesota
- Licensors are responsible for payment of Agreement related insurance premiums and deductibles.
- If Licensors are self-insured, a Certification of Self-Insurance must be attached.
- Licensors' policy(ies) shall include legal defense fees in addition to the liability policy limits.
- Licensors shall obtain insurance policy(ies) from insurance company(ies) having an "AM Best" rating of A- (minus), Financial Size Category of VII or better, and authorized to do business in the State of Minnesota.
- An Umbrella or Excess Liability insurance policy may be used to supplement the Licensors' policy limits to satisfy the full policy limits required by the Agreement.

2019		TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
30	MONDAY	01	02	03	04	05	06
		5:45-7:30 Old Central School	6:30-8:00 UWS	5:45-7:30 Old Central School	6:30-8:00 UWS		
07		08	09	10	11	12	13
6:30-8:00 UWS		5:45-7:30 Old Central School	6:30-8:00 UWS	5:45-7:30 Old Central School	6:30-8:00 UWS		
14		15	16	17	18	19	20
6:30-8:00 UWS		5:45-7:30 Old Central School	6:30-8:00 UWS	Off	Off	Anoka-Ramsey Scrimmage ??	
21		22	23	24	25	26	27
6:30-8:00 UWS Off if we scrimmage on Saturday		5:45-7:30 Old Central School	6:30-8:00 UWS	5:45-7:30 Old Central School	6:30-8:00 UWS		
28		29	30	31	01	02	03
6:30-8:00 UWS		5:45-7:30 Old Central School	6:30-8:00 UWS	Off			
04		05	Notes:				

2019		TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
	28	29	30	31	01	02	03
04	05	06	07	08	09	10	
			5:45-7:30 Old Central School				
11	12	13	14	15	16	17	
	5:45-7:30 Old Central School		5:45-7:30 Old Central School				
18	19	20	21	22	23	24	
	5:45-7:30 Old Central School		5:45-7:30 Old Central School				
25	26	27	28	29	30	01	
02	03	Notes:					

2019 December

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
25	26	27	28	29	30	01

02	03	04	05	06	07	08
09	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31	Notes:				

4:00 -6:00pm
Old Central
School

6:30 -8:30pm
Old Central
School

6:30 -8:30pm
Old Central
School

2020		January				
MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
30	31	01	02	03 4:00 -6:00pm Old Central School	04	05
06	07	08	09	10 4:00 -6:00pm Old Central School	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31 4:00 -6:00pm Old Central School	01	02
03	04	Notes:				

2020		TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
		28	29	30	31	01	02
03	04	05	06	07	08	09	
				4:00 -6:00pm Old Central School			
10	11	12	13	14	15	16	
				4:00 -6:00pm Old Central School			
17	18	19	20	21	22	23	
				4:00 -6:00pm Old Central School			
24	25	26	27	28	29	01	
		6:30 -8:30pm Old Central School		4:00 -6:00pm Old Central School			
02	03	Notes:					



230 East Superior Street • Duluth, MN 55802 • 218.310.0013 • gregfollmer@gmail.com

November 7, 2109

William Gronseth
Superintendent of Schools

David J. Spooner, C.P.E.
Manger of Facilities

Cathy Erickson
CFO/Executive Director of Business Services

Duluth Public Schools
215 N 1st Ave E
Duluth, MN 55802

RE: Marketing Update
800 E Central Entrance "Central High School Property"
"Hartley Lots"

Hartley Residential Lots

- Under Contract.
- Contract Extension Amendment Requested.

800 E. Central Entrance "Central High School Property"

- Ongoing follow up and discussion with several developers and potential purchasers.
- Networking with developers and brokers is ongoing.
- Conference calls and ongoing communication with national developer and we continue to support them by providing market data. Developer has indicated that if they were to make an offer it would be very low, in the \$1-2 Million range.
- Feedback from potential purchasers has indicated very low Purchase Price to List Price interest. Feed back has been shared with ISD 709 recently and plans to evaluate a sale of the property are in progress.
- A Local Development Group has contacted Broker with potential interest as of last week.



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Website Advertising

- Loopnet – visible to CoStar members
- MNCAR – Minnesota Association of Commercial Realtors – membership data base
- GregFollmer.com
- Crexi.com – publicly accessible site
- Social Media Sites Facebook, Twitter, Instagram

Respectfully,

Greg Follmer
Broker

Facilities Management & Capital Project Status Report

November 2019

Facilities Management – Maintenance and Operations - General

- In the past month the Facilities maintenance crews have completed 351 work orders, and are currently working on 210 open work orders.
- Facilities maintenance trade crews are currently scheduled at Ordean East Middle School.
- Discussions are occurring with the City of Duluth to update our Joint Power Use and Lease Agreements.
- Gender neutral signage at specific locations is now installed at both high schools. Middle schools are scheduled next to discuss and establish locations.
- Repairs to a portion of terrazzo at Denfeld's commons will be completed over the holiday break.

Capital Construction:

- Federal COPS grant work for 12 sites is proceeding. I anticipate work to be complete by early January 2020.
- Work has begun through KA and Sourcewell for the LTFM HOCHS Fire Alarm System Replacement project. This system is antiquated and we have a citation to replace from the Fire Marshal.
- Work is being done to bid the FY-21 LTFM 10 Year Plan Rockridge Roof Replacement Project.
- Work is being done to bid the FY-21 LTFM 10 Year Plan Congdon Park Tuck Pointing Project.

Building Operations

- Operations have filled two entry level custodian positions with external candidates. Interviews have been scheduled for a district wide floater position. This entry level custodial position is not assigned to a specific site and works district wide at all sites to help fill vacancies, illness, and vacations. Unfortunately, due to large snow events these interviews have been rescheduled.

Health, Safety & Environmental Management

Environmental/Health/Safety

- Labor Management Safety Committee Meeting reviewed current injury trends and began brainstorming plans to address common issues.
- Began writing lock out tag out procedures for Lincoln Park's equipment.
- Conducted a Fire Marshal walkthrough at Piedmont. A few items were moved to keep aiseways and exit routes clear.

Workers' Compensation Activities - November

- 30 First report of incidents
- 7 OSHA recordable incidents

2019 YTD Incidents

- 265 First report of incidents received
- 35 OSHA recordable incidents
- 164 Days away from work
- 413 Days of restricted work

Emergency Response

- Continued planning to update the Emergency Response Manual to match ALICE training.

LEGISLATIVE PLATFORM 2020

Special Education Funding – Finishing the Work We Started Together

Duluth Public Schools special education funding gap must be corrected in order for the District to adequately address the critical special education student needs throughout our district. The House Education Committee heard our story and included the correction in their Omnibus bill during the 2019 regular session, but unfortunately this language, along with many others, was removed during the special session. We look forward to building on the work we have done with legislators to see this issue, and others, resolved in 2020.

- A permanent increase to the District's Special Education base in FY20
- A one-time payment of \$4.5 million to fill the gap that was created by the artificially low base created in FY16 under the new formula
- To create more equity in tuition billing rates of charter schools to resident districts
- Additional cross-subsidy aid payment for districts "over the cap" in FY16-FY20

Increase Basic Formula Allowance

The basic allowance is a universal district support that impacts every student, every day. Duluth Public Schools has great needs in facilities, technology, and transportation, and the basic allowance is the main source of funding to address the impact of years of budget cuts in these critical areas. While the Legislative commitment of 2% increases in FY20 & FY21 helps bridge the funding gap, many districts are still forced to make reductions or delay implementations in order to avoid budget deficits.

- Adjust the FY21 basic allowance to 3%
- Add an annual cost of living increase

Expand Eligible Uses for Long-Term Facilities Maintenance (LTFM) Revenue

School Districts throughout the state struggle to maintain safe and educationally focused buildings and facilities. Limitations in the use of LTFM funding force districts to choose inefficient plans, or, in some cases, not moving forward on critical facility improvements. The following items should be included as eligible expenses through LTFM funding:

- Safety and security
- Energy efficient replacement plans and improvements
- Remodeling costs for career & technical programming
- Demolition and replacement of facilities on contaminated property
- Technology infrastructure

School Based Early Education Programs - for all learners

Investments in early education throughout the state are making a difference for Pre-K learners. Now is the time to commit to this foundational funding by creating a categorical revenue stream based on student enrollments and regional impacts. Flexible revenue uses and opportunities for funding collaboration would be important components to best meet the needs of all early learners.

- Fully fund the expansion of school-based early education programs allowing school district flexibility in implementation and design to best meet the needs of the local community.

Mental Health Professionals

While over half of the schools in Minnesota are benefiting from School Linked Mental Health Services Grant funding, districts like Duluth Public Schools continue to see a gap in funding, with only partial elementary level services covered by the current grant. Expanding this grant, and providing complementary funding directly to districts, will allow greater support to students in need of critical care coordination and provide district staff and families mental health educational opportunities.

- Increase State grants to fully fund mental health professionals on an ongoing basis.

Increase Support for Full-Service Community Schools Model

Full Service Community Schools work to coordinate holistic systems of support to ensure the needs of all students are met. Recognizing the importance of this cooperative investment, Duluth Public Schools was one of the initial districts to develop a service model meant to grow and expand to meet K-12 needs. Additional and adequate funding is needed help Duluth and other Full Service Community School districts address the vital supports for students and families through this collaborative model.

- Provide funding for planning and implementing Full Service Community Schools