

OFFICIAL PROCEEDINGS
SCHOOL BOARD OF INDEPENDENT SCHOOL DISTRICT NO. 22
BECKER AND OTTERTAIL COUNTIES, DETROIT LAKES MINNESOTA 56501

Special School Board Meeting
Thursday, October 27, 2022 5:30 PM
M State Room C101 , 900 Hwy 34 E, Detroit Lakes, MN 56501

Respectfully submitted,

April Thomas, Clerk

Laker PRIDE

	Purpose our intention, what drives us	Deliver educational excellence.
	Relationships the ways we connect and behave toward each other	Care and communicate positively and respectfully within and across our schools and community. • District ↔ parents and community members • District ↔ building • Building ↔ teacher • Building ↔ parents • Teacher ↔ parent • Teacher ↔ students
	Innovation the creation, development and implementation of a new idea or concept to enhance educational opportunities	Embrace creativity and critical thinking. • Renew and bring up to date all systems and practices • Utilize growth mindset to hone existing intentions/objectives and explore new ideas • Support diverse ways of thinking and doing • Embed equity continually in every facet of our work
	Development a process that creates growth, progress, positive change or the addition of physical, economic, environmental, social and demographic components	Foster the academic, social, emotional, and cultural needs of all learners. • Implement and sustain PBIS at all levels • Hone our support for social/emotional health • Further learning and implementation of equitable feedback, assessment, grading and reporting • Provide professional development that supports PRIDE
	Equity the quality of being fair (not equal) and impartial	Ensure that our values, policies, and practices are equitable for our students, staff, and community. • Clarify and support understanding of equity vs. equality for all • Actively promote equity (institutional, personal, and instructional) • Remove systemic barriers • Accommodate different learning styles • Give students a voice

I pledge allegiance to the flag
of the United States of America,
and to the Republic
for which it stands,
one Nation under God,
indivisible,
with Liberty and Justice
for all.



**RESOLUTION AWARDING THE SALE OF GENERAL
OBLIGATION SCHOOL BUILDING BONDS, SERIES 2022A, IN
THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF
\$2,435,000; FIXING THEIR FORM AND SPECIFICATIONS;
DIRECTING THEIR EXECUTION AND DELIVERY; AND
PROVIDING FOR THEIR PAYMENT**

BE IT RESOLVED by the School Board (the "Board") of Independent School District No. 22 (Detroit Lakes Public Schools), Becker and Otter Tail Counties, Minnesota (the "District"), as follows:

Section 1. Findings, Determinations; Sale of Bonds.

1.01 Background. It is hereby determined that:

(a) At a duly called and regularly held special election on November 6, 2018, the voters of the District approved the issuance and sale by the District of general obligation bonds for the acquisition and betterment of school sites and facilities in the maximum principal amount of \$49,880,000 pursuant to Minnesota Statutes, Chapter 475, as amended (the "Act").

(b) The purpose of the bonds as approved by the voters is to provide financing for the acquisition and betterment of school sites and facilities, including the construction and equipping of additions, interior and exterior renovations, and improvements to the District's existing school sites and facilities (collectively, the "Projects").

(c) On January 31, 2019, the District issued its General Obligation School Building Bonds, Series 2019A, in the principal amount of \$47,445,000 pursuant to the Act, in accordance with the authority granted by District voters, leaving a remaining unused voter-approved bond authority of \$2,435,000.

(d) It is necessary and expedient to the sound financial management of the affairs of the District to issue its General Obligation School Building Bonds, Series 2022A (the "Bonds"), in the original aggregate principal amount of \$2,435,000, pursuant to the Act, to provide financing for the Projects.

(e) By resolution adopted by the Board on August 22, 2022, the District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, which provides for payment by the State of Minnesota of the debt service on the Bonds in the event the District notifies the State of Minnesota of a potential default by the District in the timely payment of the debt service on the Bonds. The District understands that as a result of its covenant to be bound by said provisions, these provisions shall be binding as long as the Bonds remain outstanding.

(f) The District is authorized by Section 475.60, subdivision 2(9), of the Act to sell the Bonds other than pursuant to a competitive sale because the District has retained Ehlers and Associates, Inc. (the "Municipal Advisor") to serve as the District's independent municipal advisor in connection with the sale of the Bonds. The actions of the District staff and the Municipal Advisor in negotiating the sale of the Bonds are ratified and confirmed in all aspects.

1.02. Award to the Purchaser and Interest Rates. The proposal of Northland Securities, Inc., as syndicate manager (the "Purchaser"), to purchase the Bonds of the District is hereby found and determined to

be a reasonable offer and is hereby accepted, the proposal being to purchase the Bonds at a price of \$2,555,795.50 (par amount of the Bonds of \$2,435,000, plus original issue premium of \$126,809.95, less an underwriter's discount of \$6,014.45), plus accrued interest, if any, to date of delivery for Bonds bearing interest as follows:

<u>Year</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Interest Rate</u>
2024	5.00%	2027	5.00%
2025	5.00%	2028	5.00%
2026	5.00%		

True interest cost: 3.4383954%

1.03. Purchase Contract. The execution and delivery of a Proposal Form, dated as of October 27, 2022 (the "Purchase Agreement"), between the District and the Purchaser, is hereby ratified and confirmed in the form set forth in EXHIBIT A to this resolution (the "Resolution"). The Bonds shall be issued and delivered in accordance with the terms and conditions of the Purchase Agreement and this Resolution. The amount proposed by the Purchaser in excess of the minimum bid shall be credited to the Debt Service Fund hereinafter created or deposited in the Construction Fund hereinafter created, as determined by the Treasurer in consultation with the Municipal Advisor. The Municipal Advisor is directed to receive and retain the good faith payment of the Purchaser in accordance with the terms of the Purchase Agreement, pending completion of the sale of the Bonds.

1.04. Terms and Principal Amounts of the Bonds. The District shall forthwith issue and sell the Bonds pursuant to the Act, in the total principal amount of \$2,435,000, originally dated November 17, 2022, in the denomination of \$5,000 each or any integral multiple thereof, numbered No. R-1 upward, bearing interest as above set forth, and maturing serially on February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2024	\$335,000	2027	\$550,000
2025	\$475,000	2028	\$575,000
2026	\$500,000		

1.05. Schedule of Maturities. The schedule of maturities satisfies the requirements of Section 475.54, subdivision 1 of the Act.

1.06. Optional Redemption. The Bonds are not subject to optional redemption prior to their stated maturities.

Section 2. Registration and Payment.

2.01. Registered Form. The Bonds shall be issued only in fully registered form. The interest thereon and, upon surrender of each Bond, the principal amount thereof, is payable by check or draft issued by the Registrar described herein.

2.02. Dates; Interest Payment Dates. Each Bond shall be dated as of the last interest payment date preceding the date of authentication to which interest on the Bond has been paid or made available for payment, unless (i) the date of authentication is an interest payment date to which interest has been paid or made available for payment, in which case the Bond shall be dated as of the date of authentication, or (ii) the date of

authentication is prior to the first interest payment date, in which case the Bond shall be dated as of the date of original issue. The interest on the Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2023, to the registered owners of record thereof as of the close of business on the fifteenth day immediately preceding each interest payment date, whether or not such day is a business day.

2.03. Registration. The District shall appoint a bond registrar (the "Registrar"), authenticating agent (the "Authenticating Agent"), and paying agent (the "Paying Agent"). Except as specifically provided otherwise in Section 7 hereof, the effect of registration and the rights and duties of the District and the Registrar with respect thereto are as follows:

(a) Register. The Registrar must keep at its principal corporate trust office a bond register (the "Bond Register") in which the Registrar provides for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred, or exchanged.

(b) Transfer of Bonds. Upon surrender for transfer of a Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the fifteenth day of the month preceding each interest payment date and until that interest payment date.

(c) Exchange of Bonds. When Bonds are surrendered by the registered owner for exchange the Registrar shall authenticate and deliver one or more new Bonds of a like aggregate principal amount and maturity as requested by the registered owner or the owner's attorney in writing.

(d) Cancellation. Bonds surrendered upon transfer or exchange shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the District.

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

(f) Persons Deemed Owners. The District and the Registrar may treat the person in whose name a Bond is registered in the Bond Register as the absolute owner of the Bond, whether the Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Bond and for all other purposes, and payments so made to a registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees, and Charges. The Registrar may impose a charge upon the owner thereof for a transfer or exchange of Bonds sufficient to reimburse the Registrar for any tax, fee, or other governmental charge required to be paid with respect to the transfer or exchange.

(h) Mutilated, Lost, Stolen, or Destroyed Bonds. If a Bond becomes mutilated or is destroyed, stolen, or lost the Registrar shall deliver a new Bond of like amount, number, maturity date, and tenor in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of and in substitution for any Bond destroyed, stolen, or lost upon the payment of the reasonable expenses

and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen, or lost, upon filing with the Registrar evidence satisfactory to it that the Bond was destroyed, stolen, or lost, and of the ownership thereof, and upon furnishing to the Registrar an appropriate bond or indemnity in form, substance, and amount satisfactory to it and as provided by law, in which both the District and the Registrar must be named as obligees. Bonds so surrendered to the Registrar shall be cancelled by the Registrar and evidence of such cancellation must be given to the District. If the mutilated, destroyed, stolen, or lost Bond has already matured or been called for redemption in whole in accordance with its terms it is not necessary to issue a new Bond prior to payment.

(i) Redemption. In the event any of the Bonds are called for redemption, notice thereof identifying the Bonds to be redeemed shall be given by the Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid) to the registered owner of each Bond to be redeemed at the address shown on the Bond Register and, if publication of the notice of redemption is required by law, by publishing the notice of redemption as required by law. Failure to give notice by publication or by mail to any registered owner, or any defect therein, shall not affect the validity of the proceedings for the redemption of Bonds. Bonds so called for redemption shall cease to bear interest after the specified redemption date, provided that the funds for the redemption are on deposit with the place of payment at that time.

2.04. Appointment of Initial Registrar, Paying Agent, and Authenticating Agent. The District appoints Bond Trust Services Corporation, Roseville, Minnesota, as the initial Registrar, Paying Agent, and Authenticating Agent with respect to the Bonds. The Board Chair and the Clerk are authorized to execute and deliver, on behalf of the District, a contract with Bond Trust Services Corporation, as the initial Registrar, Paying Agent, and Authenticating Agent with respect to the Bonds. Upon merger or consolidation of the Registrar, Paying Agent, and Authenticating Agent with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, the resulting corporation is authorized to act as successor Registrar, Paying Agent, and Authenticating Agent. The District agrees to pay the reasonable and customary charges of the Registrar, Paying Agent, and Authenticating Agent for the services performed. The District reserves the right to remove the Registrar, Paying Agent, or Authenticating Agent upon thirty (30) days' notice and upon the appointment of a successor Registrar, Paying Agent, or Authenticating Agent, in which event the predecessor Registrar, Paying Agent, or Authenticating Agent must deliver all cash and Bonds in its possession to the successor Registrar, Paying Agent, or Authenticating Agent and the Registrar must deliver the Bond Register to the successor Registrar. On or before three (3) business days prior to each principal or interest due date, without further order of the Board, the Treasurer must transmit to the Paying Agent money sufficient for the payment of all principal and interest then due.

2.05. Execution, Authentication, and Delivery. The Bonds shall be prepared under the direction of the Clerk and executed on behalf of the District by the signatures of the Board Chair and the Clerk, provided that those signatures may be printed, engraved, or lithographed facsimiles of the originals. If an officer whose signature or a facsimile of whose signature appears on the Bonds ceases to be such officer before the delivery of a Bond, that signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. Notwithstanding such execution, a Bond shall not be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on the Bond has been duly executed by the manual signature of an authorized representative of the Authenticating Agent. Certificates of authentication on different Bonds need not be signed by the same representative of the Authenticating Agent. The executed certificate of authentication on a Bond is conclusive evidence that it has been authenticated and delivered under this Resolution. When the Bonds have been so prepared, executed, and authenticated the Clerk shall deliver the same to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Purchaser is not obligated to see to the application of the purchase price.

Section 3. Form of Bond.

3.01. Execution of the Bonds. The Bonds shall be printed or typewritten in substantially the form attached hereto as EXHIBIT B.

3.02. Approving Legal Opinion. The Clerk is authorized and directed to obtain a copy of the approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota, and cause the opinion to accompany each Bond.

Section 4. Payment; Security; Funds; Pledges and Covenants.

4.01. Debt Service Fund. The Bonds shall be payable from the General Obligation School Building Bonds, Series 2022A Debt Service Fund (the "Debt Service Fund") hereby created, and the proceeds of ad valorem taxes hereinafter levied are hereby pledged to the Debt Service Fund. The amounts to be applied to pay the principal of and interest on the Bonds shall be deposited in the Debt Service Fund at least three (3) business days prior to each respective interest payment date and principal payment date. There is appropriated to the Debt Service Fund amounts over the minimum purchase price of the Bonds paid by the Purchaser to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.03 hereof.

4.02. Construction Fund. The District hereby creates the General Obligation School Building Bonds, Series 2022A Construction Fund (the "Construction Fund"). Proceeds of the Bonds (reduced by the appropriation made in accordance with Section 5.04 to pay costs of issuance and the appropriation, if any, made in accordance with Section 4.01 hereof) shall be deposited in the Construction Fund and used solely to pay the costs of the Projects. Any balance remaining in the Construction Fund after completion of the Projects may be used for any other public use authorized by law and approved by resolution adopted or vote taken in the manner required to authorize the application of the proceeds of the Bonds for such new use and purpose, or credited to the Debt Service Fund or other District debt service fund, all in accordance with Section 475.65 of the Act.

4.03. General Obligation Pledge. For the prompt and full payment of the principal of and interest on the Bonds, as the same respectively become due, the full faith and credit and taxing powers of the District are hereby irrevocably pledged. If a payment of principal of or interest on the Bonds becomes due when there is not sufficient money in the Debt Service Fund to pay the same, the Treasurer must pay such principal or interest from the general fund of the District, and the general fund shall be reimbursed for those advances out of the proceeds of the Taxes (as hereinafter defined) levied herein, when collected.

4.04. Pledge of Taxes. For the purpose of paying the principal of and interest on the Bonds, there are levied direct annual irrepealable ad valorem taxes (the "Taxes") upon all of the taxable property in the District, to be spread upon the tax rolls and collected with and as part of other general taxes of the District. The Taxes shall be credited to the Debt Service Fund above provided and shall be levied in the years and amounts attached hereto as EXHIBIT C to this Resolution, and, in the event the Taxes so levied are ever insufficient to pay the principal of and interest on the Bonds, additional Taxes are hereby authorized to be levied without limitation as to rate or amount. Said tax levies shall be irrevocable as long as any of the Bonds are outstanding and unpaid, provided that the District reserves the right and power to reduce the levies in the manner and to the extent permitted by the Act (specifically, Section 475.61 of the Act).

4.05. Debt Service Coverage. It is determined that the estimated collection of Taxes levied in accordance with Section 4.04 hereof shall produce at least five percent (5%) in excess of the amount needed to meet when due the principal and interest payments on the Bonds. The tax levies herein provided shall be irrepealable until all of the Bonds are paid, provided that at the time the District makes its annual tax levies the Treasurer may certify to the Auditor/Treasurers of Becker and Otter Tail Counties, Minnesota (collectively, the

“County Auditors”) that the District made an irrevocable appropriation of a specified amount to the Debt Service Fund of money actually on hand or if there is on hand any excess amount in the Debt Service Fund and the County Auditors shall reduce by the amount so certified the amount otherwise to be included in the rolls next thereafter prepared.

4.06. Registration of Resolution. The Clerk is authorized and directed to file a certified copy of this Resolution with each of the County Auditors and to obtain the certificates required by Section 475.63 of the Act.

Section 5. Authentication of Transcript.

5.01. District Proceedings and Records. The officers of the District are authorized and directed to prepare and furnish to the Purchaser and to the attorneys approving the Bonds certified copies of proceedings and records of the District relating to the Bonds and to the financial condition and affairs of the District, and such other certificates, affidavits, and transcripts as may be required to show the facts within their knowledge or as shown by the books and records in their custody and under their control, relating to the validity and marketability of the Bonds, and such instruments, including any heretofore furnished, shall be deemed representations of the District as to the facts stated therein.

5.02. Certification as to Official Statement. The Board Chair, the Clerk, and the Treasurer, or any of their authorized designees, are authorized and directed to certify that they have examined the final Official Statement prepared and circulated in connection with the issuance and sale of the Bonds and that to the best of their knowledge and belief the final Official Statement is a complete and accurate representation of the facts and representations made therein as of the date of the final Official Statement and further that said final Official Statement did not (as of the date of the final Official Statement) and does not contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purpose for which the final Official Statement is to be used, or which is necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading.

5.03. Other Certificates. The Board Chair, the Clerk, and the Treasurer, or any of their authorized designees, are hereby authorized and directed to furnish to the Purchaser at the closing such certificates as are required as a condition of sale. Unless litigation shall have been commenced and be pending questioning the Bonds or the organization of the District or incumbency of its officers, at the closing the Board Chair, the Clerk, and the Treasurer shall also execute and deliver to the Purchaser a suitable certificate as to absence of material litigation, and the Treasurer shall also execute and deliver a certificate as to payment for and delivery of the Bonds.

5.04. Payment of Costs of Issuance. The District authorizes the Purchaser to forward the amount of Bond proceeds allocable to the payment of issuance expenses to Wells Fargo Bank, National Association on the closing date for further distribution as directed by the Municipal Advisor.

5.05. Electronic Signatures. The electronic signatures of the Board Chair, the Clerk, and the Treasurer, or any of their authorized designees, to this Resolution and any document or certificate authorized to be executed hereunder shall be as valid as an original signature of such party and shall be effective to bind the District thereto. For purposes hereof, (i) “electronic signature” means a manually signed original signature that is then transmitted by electronic means; and (ii) “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a portable document format (“pdf”) or other replicating image attached to an electronic mail or internet message.

Section 6. Tax Covenants.

6.01. Tax-Exempt Bonds. The District shall comply with all the necessary requirements and take all necessary actions (or decline to take prohibited actions) to ensure that interest on the Bonds shall not be includable in gross income for federal income tax purposes under Section 103 and Sections 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable Treasury Regulations promulgated thereunder (the "Regulations"). The District covenants and agrees with the holders from time to time of the Bonds that it shall not take or permit to be taken by any of its officers, employees, or agents any action which would cause the interest on the Bonds to become subject to federal income taxation under the Code and the Regulations, in effect at the time of such actions, and that it shall take or cause its officers, employees, or agents to take all affirmative action within their powers that may be necessary to ensure that such interest shall not become includable in gross income for federal income tax purposes under the Code and applicable Regulations, as presently existing or as hereafter amended and made applicable to the Bonds.

6.02. Continuing Requirements. The District shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income of the interest on the Bonds under Section 103 of the Code including, without limitation, requirements relating to temporary periods for investments, limitations on amounts invested at a yield greater than the yield on the Bonds, and the rebate of excess investment earnings to the United States. The Board Chair, the Clerk, and the Treasurer, being officers of the District charged with the responsibility for issuing the Bonds pursuant to this Resolution, are authorized and directed to execute and deliver to the Purchaser a certificate in accordance with the provisions of Section 148 of the Code and applicable Regulations stating the facts, estimates, and circumstances in existence on the date of issue and delivery of the Bonds which make it reasonable to expect that the "gross proceeds" of the Bonds will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of the Code and the Regulations. The District covenants and agrees to retain such records, make such determinations, file such reports and documents, and pay such amounts at such times as are required under Section 148(f) and applicable Regulations to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes, unless the Bonds qualify for an exception from the rebate requirement in accordance with one of the spending exceptions set forth in Section 1.148-7 of the Regulations. The District shall use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designations made by this section.

6.03. Not Private Activity Bonds. The District further covenants not to use the proceeds of the Bonds or to cause or permit them or any of them to be used, in such a manner as to cause the Bonds to be determined to constitute "private activity bonds," within the meaning of Sections 103 and 141 through 150 of the Code and the applicable Regulations promulgated thereunder.

6.04. Qualified Tax-Exempt Obligations. The District hereby designates the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. In order to qualify the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, the District makes the following factual statements and representations:

- (a) the Bonds are not "private activity bonds" as defined in Section 141 of the Code;
- (b) the District designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code;
- (c) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which shall be issued by the District (and all subordinate entities of the District) during calendar year 2022 shall not exceed \$10,000,000; and

(d) not more than \$10,000,000 of obligations issued by the District during calendar year 2022 shall be designated for purposes of Section 265(b)(3) of the Code.

Section 7. Book-Entry System; Limited Obligation of District.

7.01. DTC. The Bonds shall be initially issued in the form of a separate single typewritten or printed fully registered Bond for each of the maturities set forth in Section 1.04 hereof. Upon initial issuance, the ownership of each Bond shall be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, and its successors and assigns ("DTC"). Except as provided in this section, all of the outstanding Bonds shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC.

7.02. Participants. With respect to Bonds registered in the Bond Register in the name of Cede & Co., as nominee of DTC, the District, the Registrar, and the Paying Agent shall have no responsibility or obligation to any broker-dealers, banks, and other financial institutions from time to time for which DTC holds Bonds as securities depository (the "Participants") or to any other person on behalf of which a Participant holds an interest in the Bonds, including but not limited to any responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds; (ii) the delivery to any Participant or any other person (other than a registered owner of Bonds, as shown by the registration books kept by the Registrar), of any notice with respect to the Bonds, including any notice of redemption; or (iii) the payment to any Participant or any other person, other than a registered owner of Bonds, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The District, the Registrar, and the Paying Agent may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bonds, and for all other purposes. The Paying Agent shall pay all principal of, premium, if any, and interest on the Bonds only to or on the order of the respective registered owners, as shown in the registration books kept by the Registrar, and all such payments shall be valid and effectual to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, or interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner of Bonds, as shown in the Bond Register, shall receive a certificated Bond evidencing the obligation of this Resolution. Upon delivery by DTC to the Clerk of a written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the words "Cede & Co." shall refer to such new nominee of DTC; and upon receipt of such a notice, the Clerk shall promptly deliver a copy of the same to the Registrar and Paying Agent.

7.03. Representation Letter. The District has heretofore executed and delivered to DTC a Blanket Issuer Letter of Representations (the "Representation Letter") which shall govern payment of principal of, premium, if any, and interest on the Bonds and notices with respect to the Bonds. Any Paying Agent or Registrar subsequently appointed by the District with respect to the Bonds shall agree to take all action necessary for all representations of the District in the Representation Letter with respect to the Registrar and Paying Agent, respectively, to be complied with at all times.

7.04. Transfers Outside Book-Entry System. In the event the District, by resolution of the Board, determines that it is in the best interests of the persons having beneficial interests in the Bonds that they be able to obtain Bond certificates, the District shall notify DTC, whereupon DTC shall notify the Participants, of the availability through DTC of Bond certificates. In such event the District shall issue, transfer, and exchange Bond certificates as requested by DTC and any other registered owners in accordance with the provisions of this Resolution. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law. In such event, if no successor securities depository is appointed, the District shall issue and the Registrar

shall authenticate Bond certificates in accordance with this resolution and the provisions hereof shall apply to the transfer, exchange, and method of payment thereof.

7.05. Payments to Cede & Co. Notwithstanding any other provision of this Resolution to the contrary, so long as a Bond is registered in the name of Cede & Co., as nominee of DTC, payments with respect to principal of, premium, if any, and interest on the Bond and all notices with respect to the Bond shall be made and given, respectively in the manner provided in DTC's Operational Arrangements, as set forth in the Representation Letter.

Section 8. Continuing Disclosure.

8.01. Execution of Continuing Disclosure Certificate. For purposes of this Section, "Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed by the Board Chair and Clerk and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

8.02. District Compliance with Provisions of Continuing Disclosure Certificate. The District hereby covenants and agrees to comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Resolution, failure of the District to comply with the Continuing Disclosure Certificate is not to be considered an event of default with respect to the Bonds; however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this section.

Section 9. Defeasance. When all of the Bonds and all interest thereon have been discharged as provided in this section, all pledges, covenants, and other rights granted by this resolution to the holders of the Bonds shall cease, except that the pledge of the full faith and credit of the District for the prompt and full payment of the principal of and interest on the Bonds shall remain in full force and effect. The District may discharge all Bonds which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full. If any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit.

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The motion for the adoption of the foregoing resolution was duly seconded by _____ and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon the resolution was declared duly passed and adopted.

EXHIBIT A

PURCHASE AGREEMENT

PROPOSAL FORM

October 27, 2022

The School Board
Independent School District No. 22 (Detroit Lakes Public Schools), Minnesota (the "District")

RE: \$2,435,000* General Obligation School Building Bonds, Series 2022A (the "Bonds")
DATED: November 17, 2022

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$ 2,555,033.75 (not less than \$2,435,000) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

<u>5.00</u>	% due	2024	<u>5.00</u>	% due	2026	<u>5.00</u>	% due	2028
<u>5.00</u>	% due	2025	<u>5.00</u>	% due	2027			

* The District reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2024 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$48,700 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about November 17, 2022.

This proposal is subject to the District's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the District with the reoffering price of the Bonds within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Bonds identified in the Terms of Proposal, on the terms set forth in this proposal form and the Terms of Proposal, and is not subject to any conditions, except as permitted by the Terms of Proposal.

By submitting this proposal, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: X NO: _____

If the competitive sale requirements are not met, we elect to use either the _____ 10% test, or the _____ hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: Northland Securities, Inc.
Account Members: Midwest Bank - Detroit Lakes, MN

By: [Signature]

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from November 17, 2022 of the above proposal is \$ 295,242.64 and the true interest cost (TIC) is 3.438323 %.

The foregoing offer is hereby accepted by and on behalf of the School Board of Independent School District No. 22 (Detroit Lakes Public Schools), Minnesota, on October 27, 2022.

By: _____ By: _____
Title: _____ Title: _____

* Subsequent to bid opening the individual maturity amounts were adjusted.
Adjusted Price - \$2,555,795.50 Adjusted Net Interest Cost - \$297,230.89 Adjusted TIC - 3.4383%

EXHIBIT B
FORM OF BOND

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTIES OF BECKER AND OTTER TAIL
INDEPENDENT SCHOOL DISTRICT NO. 22
(DETROIT LAKES PUBLIC SCHOOLS)

GENERAL OBLIGATION SCHOOL BUILDING BONDS
SERIES 2022A

No. R- _____ \$ _____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
5.000%	February 1, 20__	November __, 2022	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

Independent School District No. 22 (Detroit Lakes Public Schools), a duly organized and existing school district in Becker and Otter Tail Counties, Minnesota (the "District"), acknowledges itself to be indebted and for value received hereby promises to pay to the Registered Owner specified above or registered assigns, the Principal Amount specified above, on the Maturity Date specified above, with interest thereon from the date hereof at the annual rate specified above (calculated on the basis of a 360 day year of twelve 30 day months), payable February 1 and August 1 in each year, commencing August 1, 2023, to the person in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month. The interest hereon and, upon presentation and surrender hereof, the principal hereof are payable in lawful money of the United States of America by check or draft by Bond Trust Services Corporation, Roseville, Minnesota, as Registrar, Paying Agent, and Authenticating Agent, or its designated successor under the Resolution described herein. For the prompt and full payment of such principal and interest as the same respectively become due, the full faith and credit and taxing powers of the District have been and are hereby irrevocably pledged.

The Bonds are not subject to optional redemption prior to their stated maturities.

This Bond is one of an issue in the aggregate principal amount of \$2,435,000 all of like original issue date and tenor, except as to number, maturity date, redemption privilege, and interest rate, all issued pursuant to a resolution adopted by the School Board of the District (the "Board") on October 27, 2022 (the "Resolution"), for the purpose of providing money to aid in financing the acquisition and betterment of school sites and facilities, pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Chapter 475, as amended, pursuant to authority granted by the voters of the District at a duly called and regularly held special election on November 6, 2018. The principal hereof and interest hereon are payable from ad valorem taxes, as set forth in the Resolution to which reference is made for

a full statement of rights and powers thereby conferred. The full faith and credit of the District are irrevocably pledged for payment of this Bond and the Board has obligated itself to levy additional ad valorem taxes on all taxable property in the District in the event of any deficiency of ad valorem taxes pledged, which additional taxes may be levied without limitation as to rate or amount. The Bonds of this series are issued only as fully registered Bonds in denominations of \$5,000 or any integral multiple thereof of single maturities.

The Board has designated the issue of Bonds of which this Bond forms a part as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the disallowance of interest expense for financial institutions and within the \$10 million limit allowed by the Code for the calendar year of issue.

The District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, and to guarantee the payments of the principal of and interest on this Bond when due, pursuant to said statute.

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the District at the principal office of the Registrar, by the registered owner hereof in person or by the owner's attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or the owner's attorney; and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange the District shall cause a new Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee, or governmental charge required to be paid with respect to such transfer or exchange.

The District and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the District nor the Registrar shall be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED, AND AGREED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen, and to be performed preliminary to and in the issuance of this Bond in order to make this Bond a valid and binding general obligation of the District in accordance with its terms, have been done, do exist, have happened, and have been performed as so required, and that the issuance of this Bond does not cause the indebtedness of the District to exceed any constitutional or statutory limitation of indebtedness.

This Bond is not valid or obligatory for any purpose or entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon has been executed by the Registrar by manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, Independent School District No. 22 (Detroit Lakes Public Schools), Becker and Otter Tail Counties, Minnesota, by its School Board, has caused this Bond to be executed on its behalf by the facsimile or manual signatures of the Board Chair and Clerk and has caused this Bond to be dated as of the date set forth below.

Dated: November __, 2022

**INDEPENDENT SCHOOL DISTRICT NO. 22
(DETROIT LAKES PUBLIC SCHOOLS), BECKER
AND OTTER TAIL COUNTIES, MINNESOTA**

(Facsimile)
Board Chair

(Facsimile)
Clerk

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolution mentioned within.

BOND TRUST SERVICES CORPORATION

By _____
Its Authorized Representative

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder, and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated: _____

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

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a financial institution that is a member of the Securities Transfer Agent Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP"), the New York Stock Exchange, Inc. Medallion Signatures Program ("MSP") or other such "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STEMP, SEMP or MSP, all in accordance with the Securities Exchange Act of 1934, as amended.

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

Name and Address:

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

Please insert federal identification or other identifying number of assignee

PROVISIONS AS TO REGISTRATION

The ownership of the principal of and interest on the within Bond has been registered on the books of the Registrar in the name of the person last noted below.

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of Officer of Registrar</u>
November __, 2022	Cede & Co. Federal ID #13-2555119	

EXHIBIT C

TAX LEVY SCHEDULE

TAX LEVY CALCULATION

Issue ID# 341048

Independent School District No. 22 (Detroit Lakes Public Schools), MN

Dated Date: 11/17/2022

\$2,435,000 General Obligation School Building Bonds, Series 2022A

Call Date: Non-Callable

Tax Levy Year		Tax Collect Year		Bond Pay Year	Total P & I	P & I @ 105%	Net Levy
2022	/	2023	/	2024	481,776.39	505,865.21	505,865.21
2023	/	2024	/	2025	580,000.00	609,000.00	609,000.00
2024	/	2025	/	2026	581,250.00	610,312.50	610,312.50
2025	/	2026	/	2027	606,250.00	636,562.50	636,562.50
2026	/	2027	/	2028	603,750.00	633,937.50	633,937.50
Totals					2,853,026.39	2,995,677.71	2,995,677.71

STATE OF MINNESOTA)
)
COUNTIES OF BECKER) ss.
AND OTTER TAIL
)
INDEPENDENT SCHOOL)
DISTRICT NO. 22)

I, the undersigned, being the duly qualified Clerk of Independent School District No. 22 (Detroit Lakes Public Schools), Becker and Otter Tail Counties, Minnesota (the "District"), do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a special meeting of the School Board of the District held on the date specified above, with the original minutes on file in my office, and the extract is a full, true, and correct copy of the minutes insofar as they relate to the issuance and sale of the District's General Obligation School Building Bonds, Series 2022A, in the original aggregate principal amount of \$2,435,000.

WITNESS My hand officially as such Clerk this _____ day of October 2022.

Clerk of the School Board
Independent School District No. 22
(Detroit Lakes Public Schools), Becker and Otter Tail
Counties, Minnesota

October 27, 2022

SALE DAY REPORT FOR:

Independent School District No. 22 (Detroit Lakes Public Schools), Minnesota

**\$2,435,000 General Obligation School Building Bonds,
Series 2022A**



Prepared by:

Ehlers
3060 Centre Pointe Drive
Roseville, MN 55113

Matthew Hammer,
Senior Municipal Advisor

Jodie Zesbaugh,
Senior Municipal Advisor

BUILDING COMMUNITIES. IT'S WHAT WE DO.

Competitive Sale Results

PURPOSE:	The bond issue will finance the acquisition and betterment of school sites and facilities in the District.
RATING:	MN Credit Enhancement Rating: S&P Global Ratings "AAA" Underlying Rating: S&P Global Ratings "A+"
NUMBER OF BIDS:	6
LOW BIDDER:	Northland Securities, Inc., Minneapolis, Minnesota

COMPARISON FROM LOWEST TO HIGHEST BID: (TIC as bid)

LOW BID*:	3.4383%
HIGH BID:	3.7370%
INTEREST DIFFERENCE:	\$23,663

Summary of Sale Results:	
Principal Amount:	\$2,435,000
Underwriter's Discount:	\$6,014
Reoffering Premium:	\$126,810
True Interest Cost*:	3.4383%
Costs of Issuance:	\$47,134
Yield:	3.25%-3.41%
Total Principal and Interest:	\$2,853,026

- After receipt of the bids, certain maturities were adjusted. The True Interest Cost rate did not change.

NOTES:	The True Interest Cost of 3.44% is below the estimate of 3.86% in the Pre-Sale Report dated September 26, 2022. The winning bidder submitted a bid with a premium price (a price paid that is more than the principal amount) that was larger than the estimate in the Pre-Sale Report. The additional premium and favorable interest rates will provide the District with approximately \$85,000 more for project costs, compared with Pre-Sale estimates.
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CLOSING DATE:	November 17, 2022
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**SCHOOL BOARD
ACTION:**

Adopt the resolution awarding the sale of \$2,435,000
General Obligation School Building Bonds, Series 2022A.

SUPPLEMENTARY ATTACHMENTS

- Bid Tabulation
- Updated Sources and Uses of Funds
- Updated Debt Service Schedule
- Updated Long-Term Financing Plan for Debt and Capital Payments and Levies
- Rating Report
- Bond Resolution (Distributed Separate)

BID TABULATION

\$2,435,000 General Obligation School Building Bonds, Series 2022A

Independent School District No. 22 (Detroit Lakes Public Schools), Minnesota

SALE: October 27, 2022

AWARD: NORTHLAND SECURITIES, INC.

MN Credit Enhancement Rating: S&P Global Ratings "AAA" **Underlying Rating:** S&P Global Ratings "A+"
Tax Exempt - Bank Qualified

NAME OF BIDDER	MATURITY (February 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
NORTHLAND SECURITIES, INC. Minneapolis, Minnesota	2024	5.000%	3.250%	\$2,555,033.75	\$295,242.64	3.4383%
Midwest Bank – Detroit Lakes, MN	2025	5.000%	3.300%			
	2026	5.000%	3.350%			
	2027	5.000%	3.370%			
	2028	5.000%	3.410%			
BAIRD Milwaukee, Wisconsin				\$2,548,933.25	\$301,343.14	3.5149%
PIPER SANDLER & CO. Minneapolis, Minnesota				\$2,547,713.60	\$302,562.79	3.5303%
HILLTOPSECURITIES Dallas, Texas				\$2,540,781.55	\$309,494.84	3.6178%
BOK FINANCIAL SECURITIES, INC. Milwaukee, Wisconsin				\$2,463,361.75	\$303,859.36	3.6271%
THE BAKER GROUP Oklahoma City, Oklahoma				\$2,531,370.34	\$318,906.05	3.7370%

* Subsequent to bid opening the individual maturity amounts were adjusted.
Adjusted Price - \$2,555,795.50 Adjusted Net Interest Cost - \$297,230.89 Adjusted TIC - 3.4383%

RESULTS OF BOND SALE

Detroit Lakes School District No. 22

Estimated Sources and Uses of Funds

Remaining Voter Approved Building Bonds

	Voter Approved School Building Bonds
Bond Amount	\$2,435,000
Number of Years	5
Closing Date	11/17/2022
Sources of Funds	
Par Amount	\$2,435,000
Estimated Investment Earnings ¹	5,955
Reoffering Premium ²	126,810
Total Sources	\$2,567,765
Uses of Funds	
Allowance for Discount Bidding ³	\$6,014
Legal and Fiscal Costs ⁴	47,134
Net Available for Project Costs	2,514,617
Total Uses	\$2,567,765
Estimated Deposit to Construction Fund	\$2,508,662

- 1 Estimated investment earnings are based on an average interest rate of 0.50%, and an average life of 6 months.
- 2 The underwriter that purchased the bonds offered a premium, a portion of which was retained by the underwriter as their compensation, or underwriter's discount. The remainder of the bond proceeds will be deposited in the construction fund and used to fund a portion of the project costs.
- 3 The allowance for discount bidding is an estimate of the compensation taken by the underwriter who provides the lowest true interest cost as part of the competitive bidding process and purchases the bonds. Ehlers provides independent municipal advisory services as part of the bond sale process and is not an underwriting firm.
- 4 Includes fees for municipal advisor, bond counsel, rating agency, paying agent and county certificates.

I.S.D. No. 022 (Detroit Lakes), MN

\$2,435,000 General Obligation School Building Bonds, Series 2022A

Dated: November 17, 2022

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
11/17/2022	-	-	-	-	-
08/01/2023	-	-	85,901.39	85,901.39	-
02/01/2024	335,000.00	5.000%	60,875.00	395,875.00	481,776.39
08/01/2024	-	-	52,500.00	52,500.00	-
02/01/2025	475,000.00	5.000%	52,500.00	527,500.00	580,000.00
08/01/2025	-	-	40,625.00	40,625.00	-
02/01/2026	500,000.00	5.000%	40,625.00	540,625.00	581,250.00
08/01/2026	-	-	28,125.00	28,125.00	-
02/01/2027	550,000.00	5.000%	28,125.00	578,125.00	606,250.00
08/01/2027	-	-	14,375.00	14,375.00	-
02/01/2028	575,000.00	5.000%	14,375.00	589,375.00	603,750.00
Total	\$2,435,000.00	-	\$418,026.39	\$2,853,026.39	-

Yield Statistics

Bond Year Dollars	\$8,360.53
Average Life	3.433 Years
Average Coupon	5.0000000%
Net Interest Cost (NIC)	3.5551690%
True Interest Cost (TIC)	3.4383954%
Bond Yield for Arbitrage Purposes	3.3635396%
All Inclusive Cost (AIC)	4.0334112%

IRS Form 8038

Net Interest Cost	3.2877494%
Weighted Average Maturity	3.458 Years

RESULTS OF BOND SALE

Detroit Lakes Public Schools I.S.D. No. 22
Analysis of Possible Structure for Capital and Debt Levies

\$2,435,000
Remaining Voter Approved Portion
5 Tax Levies

Type of Bond	Principal Amount	Dated Date	Interest Rate
Voter-Approved Building	\$2,435,000	11/17/22	3.44%

October 27, 2022

Levy Payable Year	Fiscal Year	Tax Capacity Value ¹		Existing Commitments					Proposed New School Building Bonds				Combined Totals		
		(\$000s)	% Chg	Building Bonds ²	Abatement Bonds ²	Est. Debt Excess ³	Net Levy	Tax Rate	Principal	Interest	Add'l. Debt Excess ³	Net Levy	Initial Debt Levy	Net Levy	Tax Rate
2021	2022	30,576	5.4%	3,341,133	440,948	-	3,782,081	12.37	-	-	-	-	3,782,081.00	3,782,081.00	12.37
2022	2023	32,122	5.1%	3,491,546	442,155	(84,206)	3,849,495	11.98	-	-	-	-	3,849,494.62	3,849,494.62	11.98
2023	2024	37,262	16.0%	3,494,170	437,798	(96,842)	3,835,126	10.29	335,000	146,776	15,637	521,502	4,356,627.66	4,356,627.66	11.69
2024	2025	37,262	0.0%	3,492,333	438,533	(176,939)	3,753,927	10.07	475,000	105,000	-	609,000	4,362,926.77	4,362,926.77	11.71
2025	2026	37,262	0.0%	3,491,283	438,953	(176,889)	3,753,346	10.07	500,000	81,250	-	610,313	4,363,658.88	4,363,658.88	11.71
2026	2027	37,262	0.0%	3,490,758	439,058	(176,861)	3,752,955	10.07	550,000	56,250	(24,413)	612,150	4,365,104.73	4,365,104.73	11.71
2027	2028	37,262	0.0%	3,490,495	438,848	(176,842)	3,752,501	10.07	575,000	28,750	(24,486)	609,452	4,361,952.63	4,361,952.63	11.71
2028	2029	37,262	0.0%	3,495,483	438,323	(176,820)	3,756,985	10.08	-	-	-	-	3,756,984.90	3,756,984.90	10.08
2029	2030	37,262	0.0%	3,491,703	437,483	(177,021)	3,752,164	10.07	-	-	-	-	3,752,164.08	3,752,164.08	10.07
2030	2031	37,262	0.0%	3,489,603	441,578	(176,813)	3,754,367	10.08	-	-	-	-	3,754,366.98	3,754,366.98	10.08
2031	2032	37,262	0.0%	3,488,973	439,950	(176,903)	3,752,020	10.07	-	-	-	-	3,752,019.71	3,752,019.71	10.07
2032	2033	37,262	0.0%	3,494,695	438,008	(176,802)	3,755,901	10.08	-	-	-	-	3,755,901.30	3,755,901.30	10.08
2033	2034	37,262	0.0%	3,912,648	-	(176,972)	3,735,676	10.03	-	-	-	-	3,735,676.20	3,735,676.20	10.03
2034	2035	37,262	0.0%	3,928,398	-	(176,069)	3,752,329	10.07	-	-	-	-	3,752,328.67	3,752,328.67	10.07
2035	2036	37,262	0.0%	3,927,348	-	(176,778)	3,750,570	10.07	-	-	-	-	3,750,569.92	3,750,569.92	10.07
2036	2037	37,262	0.0%	3,931,088	-	(176,731)	3,754,358	10.08	-	-	-	-	3,754,357.80	3,754,357.80	10.08
2037	2038	37,262	0.0%	3,931,883	-	(176,899)	3,754,984	10.08	-	-	-	-	3,754,983.52	3,754,983.52	10.08
2038	2039	37,262	0.0%	3,928,601	-	(176,935)	3,751,667	10.07	-	-	-	-	3,751,666.54	3,751,666.54	10.07
2039	2040	37,262	0.0%	-	-	-	-	-	-	-	-	-	-	-	-
2040	2041	37,262	0.0%	-	-	-	-	-	-	-	-	-	-	-	-
2041	2042	37,262	0.0%	-	-	-	-	-	-	-	-	-	-	-	-
2042	2043	37,262	0.0%	-	-	-	-	-	-	-	-	-	-	-	-
2043	2044	37,262	0.0%	-	-	-	-	-	-	-	-	-	-	-	-
2044	2045	37,262	0.0%	-	-	-	-	-	-	-	-	-	-	-	-
2045	2046	37,262	0.0%	-	-	-	-	-	-	-	-	-	-	-	-
2046	2047	37,262	0.0%	-	-	-	-	-	-	-	-	-	-	-	-
2047	2048	37,262	0.0%	-	-	-	-	-	-	-	-	-	-	-	-
2048	2049	37,262	0.0%	-	-	-	-	-	-	-	-	-	-	-	-
2049	2050	37,262	0.0%	-	-	-	-	-	-	-	-	-	-	-	-
2050	2051	37,262	0.0%	-	-	-	-	-	-	-	-	-	-	-	-
Totals				65,312,140	5,271,631	(2,833,321)	67,750,450		2,435,000	418,026	(33,262)	2,962,416	70,712,866	70,712,866	

1 Tax capacity value for taxes payable in 2021 and 2022 are final values. Taxes Payable 2023 is an estimate from MNDOR. Estimates for future years are based on the percentage changes as shown above.

2 Initial debt service levies (prior to subtracting debt equalization aid) are set at 105 percent of the principal and interest payments during the next fiscal year.

3 Debt excess adjustment for taxes payable in 2021, 2022, and 2023 are the actual amounts. Debt excess for future years is estimated at 4.5% of the prior year's initial debt service levy.

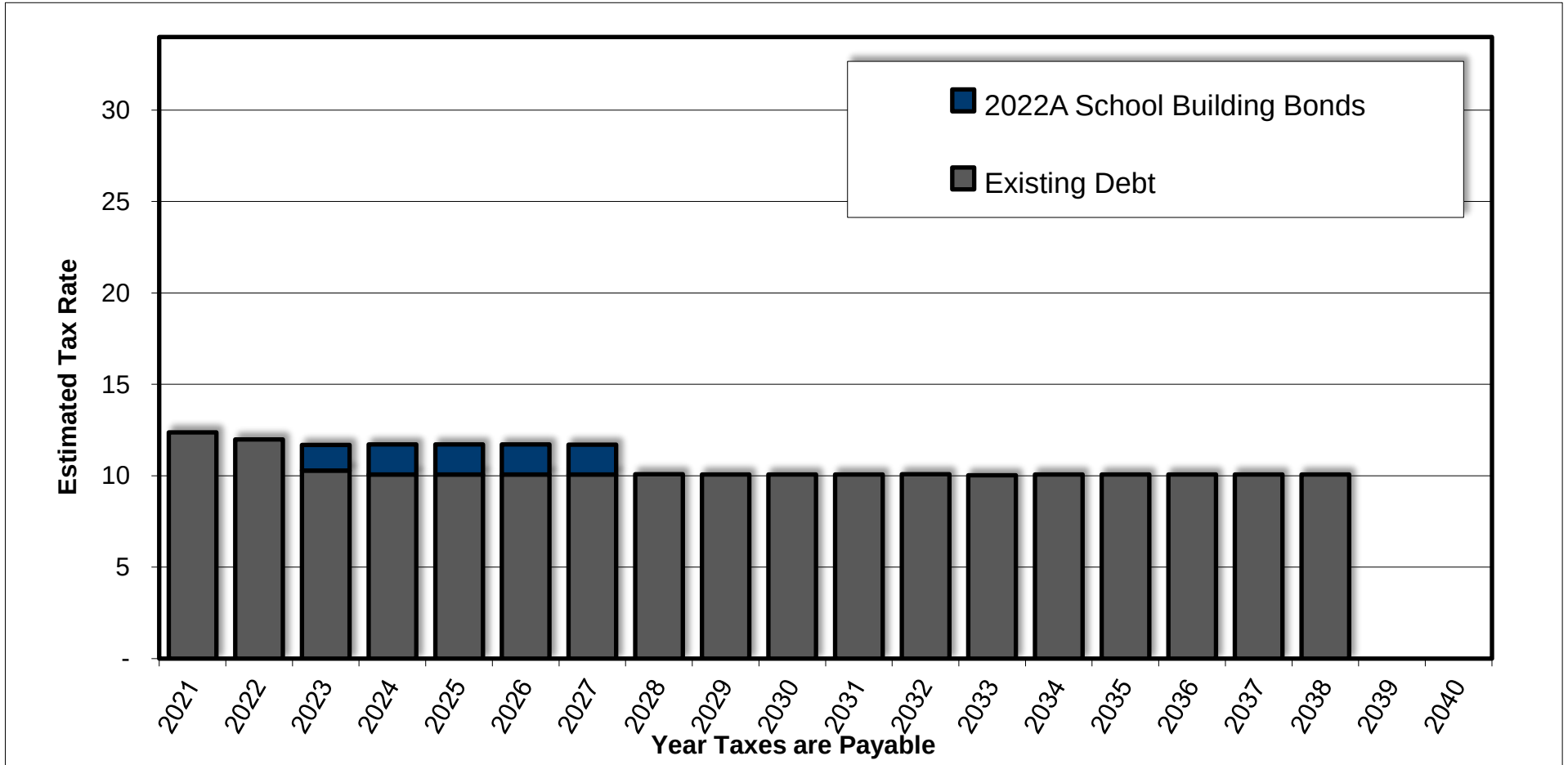


RESULTS OF BOND SALE

Detroit Lakes Public Schools I.S.D. No. 22
Estimated Tax Rates for Capital and Debt Service Levies
Existing Commitments and Proposed New Debt

\$2,435,000
Remaining Voter Approved Portion
5 Tax Levies

Date Prepared: October 27, 2022



RatingsDirect®

Summary:

Detroit Lakes Independent School District No. 22, Minnesota; General Obligation; School State Program

Primary Credit Analyst:

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Credit Profile

US\$2.435 mil GO sch bldg bnds ser 2022A dtd 11/17/2022 due 02/01/2028

<i>Long Term Rating</i>	AAA/Stable	New
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<i>Underlying Rating for Credit Program</i>	A+/Stable	New
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Detroit Lakes Indpt Sch Dist #22 GO abatement bnds

<i>Long Term Rating</i>	AAA/Stable	Current
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<i>Underlying Rating for Credit Program</i>	A+/Stable	Affirmed
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Detroit Lakes Indpt Sch Dist #22 GO fac maintenance bnds

<i>Long Term Rating</i>	AAA/Stable	Current
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<i>Underlying Rating for Credit Program</i>	A+/Stable	Affirmed
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Credit Highlights

- S&P Global Ratings assigned its 'AAA' long-term enhanced rating and 'A+' underlying rating for credit program to Detroit Lakes Independent School District No. 22, Minn.'s roughly \$2.435 million series 2022A general obligation (GO) school building bonds.
- S&P Global Ratings also affirmed its 'A+' underlying rating on the district's existing GO debt.
- The outlook is stable.

Security

The district's unlimited-tax GO pledge secures the bonds.

Officials intend to use series 2022A bond proceeds for the acquisition and betterment of school sites and facilities, approved by the electorate in the 2018 election.

The long-term rating reflects our opinion of the additional security provided by the district's eligibility for, and participation in, the Minnesota State Standing Appropriation program, a state standing appropriation program, to prevent a default on the district's bond issues, as authorized by Minnesota State Statutes, Section 126C.55.

Credit overview

The district's credit strengths include a stable economy and consistently very strong general fund reserves, supported by, what we consider, good financial-management policies and practices. In our view, long-term pressures include overall debt and projected enrollment decreases since it has ties to state aid, which is a key revenue source.

The roughly 325-square-mile district is in Becker County, including many lakes; it is a popular area for retirees or

second homes. What we consider very strong market value per capita is partially due to the presence of highly valued lakefront properties. Officials report the strong development, a healthy housing market, and the ongoing steady appreciation of existing home values. Enrollment decreased recently due to COVID-19, and management's three-year projection reflects further decreases even after adopting a more-conservative enrollment approach. However, we note officials have measures in place to help draw students.

The district has generated surplus results in fiscal years 2020 and 2021 due to conservative budgeting and COVID-19-related savings and relief aid. Fiscal 2022 estimated results show an expected \$400,000 general fund deficit due to planned capital spending and salary expense increases. The fiscal 2023 budget reflects near breakeven results based on conservative enrollment and per-pupil state funding assumptions. Due to financial history and budgeting assumptions, we expect reserves will likely remain stable and in-line with a formal policy that requires maintaining a minimum unassigned balance between 15% and 25% of annual statutory operating debt expenditures.

We understand the district does not currently have any major capital needs or bonding plans during the next few years. Following the series 2022A issuance, direct debt will be \$54.8 million and the debt-service carrying charge should increase to 11.3% of total governmental fund expenditures, excluding capital outlay, which we consider moderate, in fiscal 2022. Overall net debt, including overlapping debt, is elevated relative to similar-rated peers at \$4,793, which we consider a rating constraint. The district does not have any direct-purchase or variable-rate debt.

The underlying rating reflects our opinion of the district's:

- Strong available fund balance, which should remain above the formal fund-balance target at 15%-25% of expenditures despite an expected drawdown for fiscal 2022;
- Stable local economy, about 45 miles from the Fargo-Moorhead metropolitan statistical area, supporting steady valuation growth and new commercial and residential development;
- Good Financial Management Assessment (FMA), including multiyear capital planning, coupled with formal fund-balance and investment-management policies and strong budget monitoring and amendment practices; and
- Elevated per capita debt and debt-service carrying charge relative to its peers, partially offset by low pressure from pension and other postemployment benefit liabilities.

Environmental, social, and governance

We have reviewed environmental, social, and governance (ESG) risks, and we view them as neutral in our credit-rating analysis. We also note the district has cybersecurity policies and practices to mitigate cybersecurity risk.

Outlook

The stable outlook reflects S&P Global Ratings' expectation that good financial-management practices and a stable economy will likely continue to support the maintenance of strong available reserves during the two-year outlook.

Downside scenario

We could lower the rating if available reserves were to decrease below levels we consider strong or if it were to decrease materially out of compliance with the fund-balance policy. Although we do not expect the district to issue

substantial new debt during the next few years, we could lower the rating if debt metrics were to increase significantly.

Upside scenario

We could raise the rating if debt were to moderate and economic indicators, coupled with growing enrollment, were to improve to levels we consider consistent with more highly rated peers while maintaining healthy finances.

Minnesota School District Credit-Enhancement Program

Under the program, the state will pay debt service on the district's behalf from its general fund if the district fails to meet debt-service obligations for qualified debt. State payments represent a standing appropriation from the state's general fund. We view this standing-appropriation pledge as equivalent to a general fund pledge because it does not require budget adoption or any action of the Minnesota Legislature to make payment. Furthermore, the standing appropriation is not subject to executive unallotment authority. The credit-enhancement program supports projects central to Minnesota's operations and purpose. We see no unusual political, timing, or administrative risk related to debt repayment. The rating and outlook on the credit-enhancement program reflect, and move in tandem with, the state GO rating and outlook.

(For more information on Detroit Lakes Independent School District No. 22, see the analysis, published March 12, 2020, on RatingsDirect.)

Detroit Lakes Independent School District No. 22, Minnesota Select Key Credit Metrics					
	Characterization	Most recent	--Historical information--		
			2021	2020	2019
Economic indicators					
Population			17,841	17,778	17,848
Median household effective buying income (EBI) as a % of U.S.	Good		94.0	89.0	93.0
Per capita EBI as a % of U.S.	Good		98.0	94.0	94.0
Market value (\$000)		3,576,218	3,301,606	3,141,341	2,885,236
Market value per capita (\$)	Extremely strong	200,449	185,057	176,698	161,656
Top 10 taxpayers as a % of taxable value	Very diverse	4.8	4.5	4.7	4.8
Financial indicators					
Total available reserves (\$000)			7,478	6,245	4,791
Available reserves as a % of operating expenditures	Very strong		19.9	16.6	11.7
Total government cash as a % of governmental fund expenditures			38.5	74.8	131.5
Operating fund result as a % of expenditures			4.8	3.6	(6.2)
Financial Management Assessment	Good				
Enrollment		2,726	2,659	2,885	2,908
Debt and long-term liabilities					
Overall net debt as a % of market value	Low	2.2	2.3	2.5	2.8
Overall net debt per capita (\$)	Moderate	4,793	4,335	4,443	4,558

Detroit Lakes Independent School District No. 22, Minnesota Select Key Credit Metrics (cont.)

	Characterization	Most recent	--Historical information--		
			2021	2020	2019
Debt service as a % of governmental fund noncapital expenditures		11.3	9.4	9.7	0.6
Direct debt 10-year amortization (%)	Average	50.0	48.0	44.0	40.0
Required pension contribution as a % of governmental fund expenditures			2.8	2.6	3.5
Other postemployment benefits actual contribution as a % of governmental fund expenditures			-	-	-
Minimum funding progress, largest pension plan (%)			85.3	70.1	72.5

Related Research

- Criteria Guidance: Assessing U.S. Public Finance Pension And Other Postemployment Obligations For GO Debt, Local Government GO Ratings, And State Ratings, Oct. 7, 2019
- Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

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