

Building Company Board of Director Meeting Minutes

Date: May 16, 2014

Time: 9:00 a.m.

Attendance:

| Position | Committee Member | Arrive | Depart |
|-----------------|------------------|-------------------|--------|
| Chair | Dave Lucas | Present via phone | |
| Member | Rick Peterson | Present | |
| Member | Don Stauffer | Present via phone | |
| Staff | Dawn Sorenson | Absent | |
| Ex-Officio | Vanessa Spark | Absent | |
| Ex-Officio, CFO | Nick Taintor | Present via phone | |
| Legal Council | Ellen McVeigh | Present via phone | |

1. CALL TO ORDER at 9:00 a.m.
2. Mission and Vision
3. Conflict of Interest
No conflict of interest was noted.
4. Approval of Agenda and Review and approval of previous minutes
There were no additions to the agenda.
May 9, 2014 Spectrum Building Company Board of Directors meeting minutes approval.

On a motion duly made and seconded, Stauffer/Peterson, the Spectrum Building Company Board of Directors unanimously approved the consent agenda and the May 9, 2014 meeting minutes as presented.

5. Public Input
None
6. New Business
 - 6.1 Ellen McVeigh presented a resolution for the Board's consideration regarding the financing, purchase, and renovation by the Spectrum Building Company for the sixth grade educational center and gymnasium.

RESOLUTIONS BY THE MEMBERS OF THE BOARD OF DIRECTORS OF SPECTRUM BUILDING COMPANY ("COMPANY")

COUNTY OF ANOKA, MINNESOTA CHARTER
SCHOOL LEASE REVENUE BONDS (SPECTRUM
BUILDING COMPANY) SERIES 2014A AND
TAXABLE CHARTER SCHOOL LEASE REVENUE BONDS
(SPECTRUM BUILDING COMPANY) SERIES 2014B

WHEREAS, at a properly noticed meeting of the Board of Directors of the Company, a quorum being present, on May 16, 2014, the Board of Directors approved and adopted the following resolutions regarding the financing of the purchase and renovation by the Company of units 100-109 and all common elements associated with these units of a common interest condominium ("CIC") complex located at 11044 Industrial Circle, Elk River, Minnesota (the "Condominium Facility") for use by Spectrum High School (the "School") as a sixth grade educational center and gymnasium.

WHEREAS, at the request of the School and the Company, the Issuer is proposing to issue the following obligations: (i) Charter School Lease Revenue Bonds (Spectrum Building Company), Series 2014A (the "Series 2014A Bonds"); and (ii) Taxable Charter School Lease Revenue Bonds (Spectrum Building Company), Series 2014B (the "Series 2014B Bonds").

WHEREAS, the proceeds derived by the Issuer from the sale of the Series 2014A Bonds and the Series 2014B Bonds (collectively, the "Bonds") will be loaned to the Company pursuant to the terms of a Loan Agreement, dated as of December 1, 2012 (the "Original Loan Agreement"), between the Issuer and the Company, as amended by a First Amendment to Loan Agreement, dated as of June 1, 2014 (the "First Amendment to Loan Agreement" and together with the Original Loan Agreement, the "Loan Agreement") between the Issuer and the Company, and will be applied by the Company to: (i) acquire, renovate, and equip the Condominium Facility for use as a sixth grade educational center and gymnasium (the "Series 2014 Project"); (ii) fund the Reserve Fund in the amount of the Reserve Fund Requirement; and (iii) pay the costs of issuing the Series 2014 Bonds.

WHEREAS, it is desirable and in the best interests of the Company to enter into a First Amended Lease Agreement, adding the Condominium Facility to the real estate that is currently leased by the Company to the School, pursuant to a Lease Agreement dated as of December 1, 2012 (the "Lease");

RESOLVED, Company is hereby authorized and directed to execute on behalf of the Company all documents and agreements which on the advice of counsel are necessary or advisable to complete the above described series of transactions including but not limited to:

1. The First Amended Lease Agreement, dated as of June 1, 2014, adding the Condominium Facility to the real property that is currently leased by the Company as Lessor, to the School as Lessee;
2. The First Amendment to Loan Agreement between the Issuer and the Company.
3. Bond Purchase Agreement, dated on or after May 1, 2014 (the "Bond Purchase Agreement"), among Piper Jaffray & Co. (the "Underwriter"), the Issuer, the Company, and the School;

4. Continuing Disclosure Agreement, dated as of June 1, 2014 (the "Continuing Disclosure Agreement"), between the Company, the School, and the Trustee;

5. First Amendment to Pledge Agreement, dated as of June 1, 2014, by the School for the benefit of the Trustee;

6. Collateral Assignment of Architect Contract, dated June 1, 2014, between the Company and the Trustee;

7. Collateral Assignment of Construction Contract, dated June 1, 2014, between the Company and the Trustee;

8. Disbursing Agreement, dated as of June 1, 2014, by and among the Company, the Trustee, and Commercial Partners Title, LLC

9. Tax Regulatory Agreement, dated on or after June 1, 2014 (the "Tax Regulatory Agreement"), between the Company, the School, and the Trustee; and

10. Assignment of First Amended Lease, dated as of June 1, 2014, from the Company to the Trustee with consent of the School;

11. First Amendment to Mortgage, Security Agreement and Assignment of Rents, dated as of June 1, 2014, by the Company in favor of the Trustee;

12. Such other instruments, certificates, and other documents as the Company is advised by counsel are necessary or appropriate to consummate the foregoing.

RESOLVED FURTHER, that the Board of Directors of the Company hereby consents, approves, and authorizes the execution and delivery by the School of the following documents in connection with the financing contemplated by this resolution:

1. First Amended Lease Agreement;

2. First Amendment to Loan Agreement;

3. First Amendment to Mortgage, Security Agreement and Assignment of Rents, dated as of June 1, 2014, by the Company in favor of the Trustee;

4. Disbursing Agreement, dated as of June 1, 2014, by and among the Company, the Trustee, and Commercial Partners Title, LLC;

5. Assignment of First Amended Lease, dated as of June 1, 2014, from the Company to the Trustee with consent of the School;

6. Bond Purchase Agreement;

7. Continuing Disclosure Agreement;

8. Tax Regulatory Agreement

9. such other instruments, certificates, and other documents as counsel advises the Company are necessary or appropriate to consummate the foregoing

RESOLVED FURTHER, that the Board of Directors of the Company hereby declares on behalf of the Company that the information contained in Preliminary Official Statement and in the Official Statement prepared and distributed in connection with the offer and sale of the Bonds: (i) is true, complete, and correct to the knowledge of such members of the Board of Directors; and (ii) does not contain an untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading. The Chair of the Board of Directors is authorized to make and approve such changes on behalf of the Board of Directors as he shall deem necessary to amend the Preliminary Official Statement and the Official Statement to ensure compliance with the above declaration.

RESOLVED FURTHER, that a contract for architectural services between the Company and Rivera Architects Inc., in form substantially similar to that attached to these resolutions, be and hereby is, ratified and approved.

RESOLVED FURTHER, that the Board of Directors of the Company has reviewed bids submitted by interested construction firms to undertake the renovation of the Condominium Facility in accordance with architectural plans prepared by Rivera Architects, and hereby authorizes the Company to enter into a guaranteed maximum price (\$1,564,315.00) contract, in a form substantially similar to that attached to these resolutions, with Erickson Builders & Company, Inc.

RESOLVED FURTHER, that the Lease Agreement currently in effect between the Company as Landlord and the School as Tenant, be amended as provided in the attached General Amendment to Lease.

RESOLVED FURTHER, that the Chair of the Board of Directors is authorized to make, execute and deliver such documents and to take such other action as he shall deem necessary to effectuate the foregoing actions.

Approved May 16, 2014

Secretary to the Board

Resolution Regarding IRS Post-Closing

**Procedures By the Directors of
Spectrum Building Company (the
"Company")**

Recital: In conjunction with its tax-exempt and taxable charter school lease revenue bond financing to acquire a public schoolhouse for lease to its supported organization, Spectrum High School (the "School"), the Board of Directors of the Company, convened on proper notice on May 16, 2014, a quorum being present, to acknowledge IRS requirements to undertake and meet certain post-closing requirements. In particular, the IRS requirements arise with regard to the sale of County of Anoka, Minnesota (the "Issuer") of the following obligations: (i) Charter School Lease Revenue Bonds (Spectrum Building Company), Series 2014A (the "Series 2014A Bonds"); and (ii) Taxable Charter School Lease Revenue Bonds (Spectrum Building Company), Series 2014B (the "Series 2014B Bonds").

These IRS-required post-closing procedures are for all practical purposes a restatement of certain obligations described in the documentation related to the sale of the Bonds (the "Bond Documents").

Resolved: The Company agrees that:

(a) The School and the Company have and will continue to assume all post-issuance procedures arising from the sale of the Series 2014 Bonds on behalf of the Issuer and in cooperation with Wells Fargo Bank National Association, the Trustee for the Bondholders.

(b) It has been recommended and the Company finds that it is appropriate and necessary to adopt written procedures in order to insure the compliance with the post-issuance IRS requirements related to the Series 2014 Bonds. The Company acknowledges and assures that it will work with the School to assure that any duties of the School and the Company to undertake any post-issuance procedures are in fact accomplished with regard in particular to the Terms and Conditions of the Tax Regulatory Agreement entered into in connection with the issuance of the Series 2014

Bonds, between the Company, the Company and the Trustee.

(c) The Written Procedures **in substantially** the form attached hereto as Exhibit A and incorporated herein by reference shall be and hereby are adopted and approved.

Approved May 16, 2014

Secretary to the Board

Exhibit A

WRITTEN PROCEDURES Related to Tax-Exempt Obligations

The Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated thereunder (the "Regulations") impose certain requirements on tax-exempt obligations, including but not limited to, restrictions on the use of bond proceeds and bond-financed property, arbitrage yield restrictions, and the arbitrage rebate requirement. These requirements are generally applicable throughout the period that the bonds remain outstanding.

The Form 8038, Information Return for Private Activity Bond Issues ("Form 8038") requires the issuer to represent whether it has established written procedures to (a) monitor the requirements of Section 148 of the Code, including, but not limited to, the arbitrage rebate and arbitrage yield restriction requirements; and (b) ensure that any nonqualified bonds (within the meaning of Section 1.148-12(j) of the Regulations) are remediated in accordance with the Code and the Regulations.

In addition to the above-described Form 8038 representations, the Company has been advised that additional procedures are recommended in order for the School and Company to document compliance with the applicable federal tax requirements. Actions pursuant to these procedures (collectively referred to as post-issuance tax compliance) are intended to assist the School and Company in documenting compliance with the applicable federal tax requirements. Post-issuance tax compliance begins with the debt issuance process itself and includes a continuing focus on investments of bond proceeds and use of bond-financed property. Post-issuance tax compliance requires identifying the responsible people and the applicable procedures.

Procedures

The Chair of the Board of Directors or his/her designee (hereinafter referred to as the "Company Representative") is hereby designated as being responsible for post-issuance tax compliance. The Company Representative may delegate to its staff or contract with independent contractors (such as financial advisors, auditors, arbitrage/rebate consultant or others having necessary and appropriate skills and experience) responsibility for different aspects of post-issuance tax compliance. For example, coordinating and documenting the expenditure of bond proceeds on projects may be delegated to the consulting engineer. However, the Company Representative and School Representatives will be ultimately responsible for implementing the procedures described herein.

The Company and the School have previously entered into Written Procedures related to the Series 2012 Bonds issued by Anoka County, Minnesota, for the benefit of the Company and the School. The Company Representatives will take reasonable steps to collect and maintain appropriate documentation of compliance with these procedures for the Series 2012 Bonds, the Series 2014 Bonds and any tax-exempt bonds issued for the benefit of the School and/or Company in the future.

The Company Representatives will (in addition to assuring adequate training of responsible officers and staff of the School and of any persons to whom is delegated responsibility for compliance with any post-issuance procedures):

- (a) Confirm the filing of the Form 8038 (or applicable successor form) with Internal Revenue Service ("IRS"). Filing of Form 8038 is usually overseen by bond counsel at or soon after the closing of a bond issue;
- (b) Obtain and store the Transcript of Proceedings prepared by bond counsel (which typically includes the applicable Form 8038 and the Federal Tax Certificate and Tax

Regulatory Agreement containing the Company's expectations as of the date of issuance of the bond issue);

(c) Establish a plan for keeping relevant books and records as to the investment and the expenditure of bond proceeds;

(d) Keep accurate records including:

- Basic records relating to the bond transactions (including the bond ordinances, loan agreements, and bond counsel opinion; see Transcript of Proceeding, above);
- Documentation evidencing the expenditure of bond proceeds;
- Documentation evidencing use of bond-financed property by public and private sources (i.e., copies of management contracts);
- Documentation evidencing all sources of payment or security for the bonds; and
- Documentation pertaining to any investment of bond proceeds (including the purchase and sale of securities, SLGS subscriptions, yield calculations for each class of investments, actual investment income received from the investment of proceeds, guaranteed investment contracts, and rebate calculations);

(e) Keep all records in a manner that ensures their complete access to the IRS so long as they are material. While this is typically accomplished through the maintenance of hard copies, records may be kept in an electronic format if certain requirements are satisfied, in accordance with the guidelines in Revenue Procedure 97-22, 1997-1 C.B. 652;

(f) Keep the relevant records for each issue of bonds for as long as such issue of bonds is outstanding (including any bonds issued to refund such issue of bonds) plus three years after the final redemption date of the bonds;

(g) As and when necessary under the terms of the Bond Documents or required by the Trustee engage the services of an arbitrage/rebate consultant for assistance in compliance with arbitrage related issues;

(h) Work with bond counsel, financial advisor and/or arbitrage/rebate consultant to monitor compliance with "temporary period exceptions" for expenditure of bond proceeds, typically three years for new money bonds, and provide for yield restriction of investments or "yield reduction payments" if exceptions are not satisfied;

(i) Work with bond counsel and financial advisor to ensure investments acquired with bond proceeds are purchased at fair market value. This may include use of bidding procedures under the regulatory safe harbor (Section 1.148-5(d) of the Regulations);

(j) Consult with bond counsel prior to the creation of funds which would reasonably be expected to be used to pay debt service on tax-exempt bonds to determine in advance whether such funds must be invested at a restricted yield (i.e., yield restricted);

(k) Consult with bond counsel and financial advisor before engaging in post-issuance credit enhancement transactions (e.g., bond insurance, letter of credit) or hedging transactions (e.g., interest rate swap, cap);

(l) Consult with bond counsel, financial advisor, and/or arbitrage/rebate consultant to identify situations in which compliance with applicable yield restrictions depends upon subsequent investments (e.g., purchase of 0% SLGS from U.S. Treasury) and monitor implementation.

(m) Work with the Company's arbitrage/rebate consultant to arrange for timely computation of rebate/yield reduction payment liability and, if an amount is payable, for timely filing of Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate (or applicable successor form), and payment of such liability. Rebate/Yield Reduction payments are ordinarily due at 5-year intervals.

(n) Create and maintain records of which proceeds of bond issues were used to finance which facilities. These records shall incorporate the refunding or partial refunding of any bond issues;

(o) Record the allocation of bond proceeds to expenditures, including reimbursements. These records will be consistent with the expenditures used for arbitrage purposes.

(p) Record the allocation of bond proceeds and funds from other sources in connection with any bond funded project. Review expenditure of bond proceeds with bond counsel and/or consulting engineer to ensure bond proceeds are used for qualifying costs;

(q) Review with bond counsel prior to the sale or lease of a bond-financed facility, or the granting of a license or management contract, or any other arrangement allowing private use of a bond financed facility, the terms of such arrangement;

(r) Keep records of private use, if any, of bond financed facilities to monitor the amount of private use of bond financed facilities. Private use of bond-financed facilities shall be reviewed once a year (in connection with the preparation of the annual financial statements). If a change in private use occurs, bond counsel will be consulted to determine if remedial action is necessary.

(s) Consult with bond counsel to identify any post-issuance modification to the terms of bonds which could be treated as a current refunding of "old" bonds by "new" bonds, often referred to as a "reissuance."

(t) Consult with bond counsel to determine whether any "remedial action" (see item (r) above) in connection with private use must be treated as a "reissuance."



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GENERAL AMENDMENT TO LEASE

This General Amendment to Lease Agreement ("General Amendment") is being made and entered into effective as of June 1, 2014 (the "Effective Date") by and between by and between Spectrum Building Company ("Landlord") and Spectrum High School ("Tenant").

RECITALS

A. Landlord and Tenant are parties to that certain Lease dated as of December 1, 2012 (the "Lease") pursuant to which Landlord leased to Tenant and Tenant leased from Landlord the real property more particularly described in the Lease.

B. Landlord and Tenant wish to enter into this General Amendment to comply with Minn. Stat. 124D.11, Subd 4(a)(3)(ii).

AGREEMENT

In accordance with the foregoing, Landlord and Tenant hereby agree to amend the Lease, as follows:

1. **Limited Expiration of Tenant Obligations.** To the extent required by Minn. Stat. 124D.11, Subd. 4(a)(3)(ii), in the event the Tenant must cease operation due to non-renewal or cancellation of its charter school contract, Tenant shall be relieved of any obligations under this Lease that have not accrued or been performed on or before the effective date of such non-renewal or cancellation. The foregoing shall terminate without further action of the parties and cease to be of effect if it is no longer required by applicable law.

2. **Sum Certain Lease Amount.** For FY14-15, the amount of Base Rent to be paid pursuant to the Lease shall be \$ 899,866.67.

3. **Miscellaneous.** This General Amendment constitutes the entire agreement of the parties with respect to the subject matter hereof. Except as specifically modified herein, all other terms, covenants and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, this General Amendment has been executed as of the date first above written.

SPECTRUM BUILDING COMPANY

SPECTRUM HIGH SCHOOL

By: _____

By: _____

Its: _____

Its: _____



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APPROVED:

WELLS FARGO NATIONAL ASSOCIATION, TRUSTEE

By: _____

Its: _____

Following discussion, on a motion duly made and seconded, Stauffer/Peterson, the Spectrum Building Company Board of Directors unanimously approved the bonding, financing and purchasing Resolutions for the sixth grade educational center and gymnasium as presented.

6.2. Final Contractor Selection

The Spectrum Building Company reviewed the bids submitted for the sixth grade educational center.

Following discussion, on a motion duly made and seconded, Stauffer/Peterson, the Spectrum Building Company Board of Directors unanimously selected Erickson Builders & Company, Inc. as the contractor for the sixth grade educational center and gymnasium.

6.3 Rule 15C2-12 Certificate Relating to a Preliminary Official Statement

The Spectrum Building Company reviewed the 15C2-12 Certificate Relating to a Preliminary Official Statement, noting that the Spectrum High School Board of Directors, at their meeting on May 15, 2014, approved the signing of the certificate and therefore recommends that the Spectrum Building Company do so as well.

RULE 15C2-12 CERTIFICATE RELATING TO A PRELIMINARY OFFICIAL STATEMENT

**ANOKA COUNTY, MINNESOTA
CHARTER SCHOOL LEASE REVENUE BONDS
(SPECTRUM BUILDING COMPANY)
SERIES 2014A
TAXABLE SERIES 2014B**

May 16, 2014

The undersigned authorized representatives, on behalf of the Spectrum Building Company, a Minnesota nonprofit corporation (the "Company") and Spectrum High School, a Minnesota nonprofit corporation (the "Charter School"), hereby represent the following:

1. The Company and the Charter School have received a complete and final copy of the Preliminary Official Statement, dated May 16, 2014 (the "Preliminary Official Statement").



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2. The Company and the Charter School consent to and approve of the distribution of the Preliminary Official Statement with respect to the offer and sale of the above-referenced bonds.

3. Within the meaning of SEC Rule 15C2-12, the Preliminary Official Statement is deemed final as of its date by the Company and the Charter School (except for the permitted omission of certain interest rate and bond pricing information).

SPECTRUM BUILDING COMPANY

By: _____
Dave Lucas, Chair

SPECTRUM HIGH SCHOOL

By: _____
Vanessa Spark, Principal

Following discussion, on a motion duly made and seconded, Peterson/Stauffer, the Spectrum Building Company unanimously approved the signing of the 15C2-12 Certificate Relating to a Preliminary Official Statement as recommended by the Spectrum High School Board of Directors, and to the best of their knowledge, is true and accurate.

6.4 Recommendation that the Resolutions presented earlier be amended to allow Executive Director, Vanessta Spark, to be designated and given authority to sign on behalf of Spectrum High School, and any one of the three Spectrum Building Company Board of Directors is hereby authorized to sign on behalf of the Spectrum Building Company.

Following discussion, on a motion duly made and seconded, Stauffer/Peterson, the Spectrum Building Company Board of Directors unanimously approved that the Resolutions be amended to allow Executive Director, Vanessta Spark, to be designated and given authority to sign all bonding, financing, and purchase documents on behalf of Spectrum High School, and any one of the three Spectrum Building Company Board of Directors to be authorized to sign all bonding, financing and purchase documents on behalf of the Spectrum Building Company Board of Directors.

7. Miscellaneous

None



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8. Next Meeting Agenda Input

None

9. Adjournment

On a motion duly made and seconded, Lucas/Peterson, the Spectrum Building Company Board of Directors unanimously adjourned the meeting at 9:30 a.m.

A handwritten signature in black ink that reads "Rick R. Peterson". The signature is fluid and cursive, with "Rick" on top and "R. Peterson" below it.

Board Secretary Certification, Rick Peterson