



17796 Industrial Circle N.W. ■ Elk River, MN 55330
Phone: 763-241-8703 ■ Fax: 763-633-1380

Spectrum Building Company Board Meeting Minutes

Date: September 28, 2017

Scheduled Time: 5:00 p.m.

Attendance:

Position	Name	Arrive	Depart
Chair	Dave Lucas	Absent	
Treasurer	Tom Sagstetter	Present	
Secretary	Tony Brunt	Absent	
Member	Rick Peterson	Present	
Member	Scott Gangl	Present	
Executive Director, Ex Officio	Dan DeBruyn	Present	
Staff	Dawn Sorenson	Present	
Attorney	Craig Kepler	Present	

I. Call To Order: 5:00 p.m.

II. Reading of Vision and Mission Statements

III. Conflict of Interest Check

Mr. Sagstetter called for conflict of interest acknowledgement. None were noted.

IV. Board Agenda

On a motion duly made and seconded, Brunt/Peterson, the Spectrum Building Company Board of Directors unanimously approved the September 28, 2017 meeting agenda as presented.

V. Consent Agenda

A. Important Documents and Policies

- August 31, 2017 Meeting Minutes

It was noted that in the hard-copied meeting packets that only part of the meeting minutes were present for review. As a result, it was suggested that approval of the minutes be tabled until the next regularly scheduled meeting of the Board.

On a motion duly made and seconded, Peterson/Gangl, the Spectrum Building Company Board of Directors unanimously approved tabling the approval of the August 31, 2017 meeting minutes until the next duly called meeting of the Board.

VI. Old Business

None

VII. Ongoing Business

A. Phase V Expansion Project Update

1. Authorizing Resolution

Mr. Kepler provided an in-depth explanation of the proposed authorizing resolution before the Board and its purpose. Mr. DeBruyn noted that the resolution should be amended to include the



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10 acre parcel of land which the Board is intending to purchase as well. Mr. Kepler noted the request and will update the resolution to include the 10 acre parcel of land language, and will disseminate and amended copy for signatures. He suggested the Board consider approving the resolution as amended. Ms. Sorenson will collect the signatures of the Board members after the amended resolution is received and disseminated to the Board. The amended resolution reads as follows:

**RESOLUTION OF THE BOARD OF DIRECTORS OF
SPECTRUM BUILDING COMPANY IN LIEU OF A MEETING**
Effective _____, 2017

The undersigned, constituting all of the Members of the Board of Directors of Spectrum Building Company, a Minnesota non-profit corporation (the “**Company**”), hereby waive all the provisions of the Articles of Incorporation and Bylaws of said Company relating to notices and the holding of meetings of the Board of Directors of said Company and acting pursuant to the laws of the State of Minnesota, hereby adopt the following Resolution of the Board of Directors of this Company. All capitalized terms below shall have the same meaning assigned to such terms in the Indenture of Trust (the “**Indenture**”) between the City of Bethel, Minnesota (the “**Issuer**”) and U.S. Bank National Association (“**Trustee**”) for the Charter School Lease Revenue Bonds (Spectrum High School Project), Series 2017A (the “**Series A Bonds**”) and Taxable Charter School Lease Revenue Bonds (Spectrum High School Project), Series 2017B (the “**Series B Bonds**”).

RECITALS

WHEREAS, the Company, as borrower, desires to enter into a Loan Agreement (the “**Loan Agreement**”) between the Company and the Issuer whereby the Company will borrow an amount (a) not to exceed \$27,500,000.00 (the “**Loan**”), and (b) at a net interest rate not to exceed six and one-half percent (6.5%), from the proceeds of Issuer's Charter School Lease Revenue Bonds (Spectrum High School Project), Series 2017A (the “**Series A Bonds**”) and Taxable Charter School Lease Revenue Bonds (Spectrum High School Project), Series 2017B (the “**Series B Bonds**”) (collectively, the “**Bonds**”), for substantially the following purpose: the acquisition, renovation, construction, and equipping of a school facility to be located at 17823 Industrial Circle NW, (the “**Land**”), and the acquisition of approximately 10 acres of land, located on 181st Avenue NW, adjacent to Spectrum’s current athletic complex, all of such land located in the City of Elk River, Minnesota (the “**City**”) (such acquisition, renovation, construction, and equipping referred to herein as the “**Project**”), to be owned by the Company and leased to Spectrum High School, a Minnesota nonprofit corporation and public charter school (the “**Charter School**”), for refunding certain existing bonds that are current obligations of the Company, and for funding certain reserves and paying certain issuance expenses; and

WHEREAS, the Company will lease the Project to the Charter School pursuant to a Lease Agreement or Agreements that will be dated approximately the date of the acquisition by the Company; and

WHEREAS, the undersigned members of the Board of Directors (the “**Board**”) of the Company have determined that the financing of the Project, the loan of the proceeds of the Bonds, and the leasing of the Project to the Charter School is in the best interests of the Company; and

WHEREAS, in furtherance of the Project the undersigned members of the Board have reviewed and determined that it is necessary to authorize the execution of any document deemed necessary by the Issuer or Piper Jaffray & Co. (the “**Underwriter**”), the Underwriter for the Bonds, and revised by legal counsel for the Company, including without limitation the following (or similar instruments):

- (a) the Loan Agreement;
- (b) a Combination Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Financing Statement (the “**Mortgage**”);
- (c) a Continuing Disclosure Agreement between the Company, the Charter School, and the Trustee;
- (d) a Disbursing Agreement between the Company, the Trustee, and Land Title, Inc.;



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- (e) a Bond Purchase Agreement (the "**Bond Purchase Agreement**") between the Issuer, the Company, the Charter School and the Underwriter;
 - (f) an Intercreditor Agreement (the "**Intercreditor Agreement**") between the Charter School, the Company, the Trustee and Sunrise Banks, N.A.;
 - (g) a Subordination, Non-Disturbance and Attornment Agreement between the Charter School, the Company and the Trustee;
 - (h) a Tax Regulatory Agreement among the Company, the Charter School and the Trustee ; and
 - (i) all such other agreements, instruments, certificates and documents referred to in and contemplated by the Bonds, the Bond Purchase Agreement, and the Indenture;
- The foregoing will collectively be referred to herein as the "**Bond Documents**"; and
- (j) the Lease by and between the Charter School, as tenant, and the Company, as Landlord, by which the Charter School will lease the Project from the Company and occupy the same for the purpose of operating a public charter school, which lease will be assigned by Company as additional security for the Loan (the "**Lease**"), together with a Memorandum of Lease (the "**Memorandum**") and an Assignment of Lease (the "**Assignment of Lease**") assigning the Company's rights under the Lease to the Trustee (the Lease, the Memorandum, and the Assignment of Lease will be referred to collectively herein as the "**Company Agreements**").

WHEREAS, members of this Board, with assistance from counsel, other pertinent representatives and appropriate Company officers and administrators, have reviewed the Offering Materials, as hereinafter defined, and drafts of the same as and when they are prepared, for accuracy and completeness; and

WHEREAS, the Board acknowledges that the Offering Materials contain information concerning the Company, its operations, and relevant financial information, which information has been provided by the Company and/or its officers and administrators, which will be relied upon by purchasers of the Bonds and the Underwriter, and used by the Underwriter in connection with the marketing and sale of the Bonds.

RESOLUTIONS

NOW, THEREFORE, BE IT RESOLVED, as follows:

Resolution 1: Approval of the Project; Retention of Piper Jaffray & Co. The Board hereby approves of the Project and the use of the proceeds from the Loan Agreement and the Bonds in furtherance of the Project. The Board of Directors also hereby ratifies and approves the retention of the Underwriter to serve as underwriter agent with respect to the Bonds.

Resolution 2. Approval of the Bonds; Approval of Subsequent Changes in Terms. The Board hereby approves the issuance of the Bonds in an aggregate principal amount not to exceed \$27,500,000.00 as set forth in the Bond Documents. Principal and interest on the Bonds shall be paid on the dates and in the approximate amounts set forth in the Bond Documents. The Bonds shall bear interest at rates per annum which will produce a net true interest cost not in excess of six and one-half percent (6.5%). The purchase price to be paid for the Bonds shall be such that the aggregate underwriter's discount with respect to the Bonds shall not exceed the amount set forth in the Bond Purchase Agreement. The Bonds shall be issued with substantially the terms as provided above, with such changes in terms as provided in the final Bond Documents as may be approved by the Board of the Company. Execution of said final Bond Documents, Lease and Company Agreements by an authorized officer of the Company or any other member of the Board shall constitute full approval of such changes on behalf of the Board.

Resolution 3. Document and Transactions Approval. The Bond Documents, the Lease, the Memorandum, the Assignment of Lease, the Company Agreements, and all other related agreements, certificates and documents referred to therein and all the transactions contemplated thereby are hereby approved in all material respects. The Chairperson, Secretary and/or Treasurer of the Board, or any other officer authorized or required to execute documents such as the Bond Documents, the Lease, the Company Agreements and the Bond Purchase Agreement on behalf of the Board and for the Company are authorized to execute and deliver any and all said documents when the same are finalized. In the event that any of the Chairperson, Secretary and/or Treasurer of the Board is not available to execute and deliver the Bond



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Documents, the Company Agreements, the Lease, the Bond Purchase Agreement, or any other instrument or certificate necessary to complete the transaction contemplated by the Bonds, then any other member of the Board shall have the authority to execute and deliver such document, instrument or certificates as are necessary and desirable in order to complete the financing transaction.

Resolution 4. Declaration of Official Intent. Expenditures in furtherance of the Project are hereby authorized to be made from available funds on hand until proceeds of the Bonds become available. The Board of Directors on behalf of the Company hereby declares its official intent under Treas. Reg. Section 1.150-2 to reimburse said expenditures with proceeds of the Bonds.

Resolution 5. Ratification. All actions heretofore undertaken by Company staff prior to the date hereof in connection with preparation of any Offering Materials, the preparation of the Bond Documents, the issuance of the Bonds and the undertaking of the Project are hereby ratified and approved in all material respects.

Resolution 6. Offering Materials. The Board hereby authorizes the Chairperson, and such other members of the Board as the Chairperson shall appoint, to find, determine, and declare on behalf of the Company that the information contained in the Preliminary Official Statement and in the Official Statement (the “**Offering Materials**”) 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 therein, in light of the circumstances under which they are made, not misleading. Such members of the Board are further authorized to approve the use of the Preliminary Official Statement and Official Statement by the Underwriter in the offering and sale of the Bonds.

This Resolution may be executed by facsimile or counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Resolution. The undersigned have executed this Resolution as of the respective dates set forth below.

Following discussion, on a motion duly made and seconded, Gangl/Peterson, the Spectrum Building Company Board of Directors unanimously approved the Authorizing Resolution as amended.

B. First Restated Amended Lease

Mr. Kepler presented the First Restated Amended Lease that has been drawn up to reflect all real property owned by the Spectrum Building Company and from whom Spectrum High School will lease. He went on to note that the lease is subject to and is in compliance with Minnesota Statutes, section 124E.13, Subdivision 3, and that the First Restated Amended Lease will cover all of the properties: 17796 Industrial Court NW, Elk River; 11044 Industrial Circle NW, Elk River; and the Spectrum Athletic Complex located at 10129 181st Avenue NW, Elk River.

Following discussion, on a motion duly made and seconded, Gangl/Peterson, the Spectrum Building Company Board of Directors unanimously approved the First Restated Amended Lease as presented.

C. Amended Purchase Agreement – 10 Acre Parcel

Mr. Kepler presented a new amended purchase agreement for the 10 acre parcel of land located adjacent to the Spectrum Athletic Complex. He shared that legal counsel for the seller was not comfortable with the attorney clause language presented in the agreement and therefore recommended to the seller to not sign until the language was removed. After much debate, it was decided to remove the language from the agreement. Mr. Kepler reported that if the sale of the land is precluded in any way by the seller, the



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School is still protected and would receive back its earnest money. Mr. Peterson stated that in conversations with the seller, he feels confident that they will now sign the amended purchase agreement and that the purchase should move forward as originally planned.

Following discussion, *on a motion duly made and seconded, Gangl/Peterson, the Spectrum Building Company Board of Directors unanimously approved the Amended Purchase Agreement for the 10 acre parcel of land as presented.*

D. 3rd Amendment to Purchase Agreement – 17823 Industrial Circle

Mr. DeBruyn, Mr. Peterson, and Mr. Kepler shared that a third amendment was necessary to the purchase agreement for the property located at 17823 Industrial Circle NW to carry the School through to the end of December, if needed, in order to close on the sale of the bonds. The seller is in agreement with the amendment and has signed. The cost per month is \$10,000, so it is in the School's best interest to close as soon as possible. Mr. DeBruyn went on to share that Volunteers of America is set to submit the supplemental affidavit to MDE by the October 1 deadline and approval of the affidavit by MDE is the final detail remaining for the bonding process to move forward.

Following discussion, *on a motion duly made and seconded, Peterson/Gangl, the Spectrum Building Company Board of Directors unanimously approved the Third Amended Purchase Agreement as presented.*

E. Discuss the Positive Review & Comment from the Minnesota Department of Education

Mr. DeBruyn shared that the School received notification of the Positive Review & Comment from MDE on September 20, 2017. He went on to note that the next step in the process is to publish a posting in the local newspaper, the Elk River Star News, regarding the proposed construction project. The School must wait 20 days beyond the posting, which will take place on Saturday, September 30, 2017, to sign a contract with a contractor and architect. This will likely take place on Monday, October 23 since MEA break is October 19-20..

Following discussion, *on a motion duly made and seconded, Gangl/Peterson, the Spectrum Building Company Board of Directors unanimously accepted the Positive Review & Comment as received from the Minnesota Department of Education.*

F. Status of Affidavit for Expansion through VOA and Submission Timeline to MDE

Mr. DeBruyn stated that Spectrum has received the supplemental affidavit from VOA for review. He reported that both he and Ms. Sorenson have been reviewing the document and are making recommended clarifications. Once completed, the document is set to be submitted to MDE by VOA prior to the October 1 deadline. From there, MDE has 30 business days in which to review the document. It is hoped that the School will hear sooner than what is statutorily allowed; however, the timeline is entirely driven by the review process of the Department. Finally, Mr. DeBruyn shared how much Spectrum High School appreciates the work of Ms. Stephanie Olsen and VOA on behalf of the School and the entire affidavit process. They were extremely gracious.

G. Rivera Architects, Inc.

1. Rivera Architect Hourly Billing Rates

The Board reviewed the 2017 Rivera Architects Hourly Billing rates as presented. Mr. Kepler noted that statutorily the Board is not able to sign the contract until after the 20 day posting period



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of the Positive Review & Comment. He shared that he has reviewed the contract, is comfortable with the language contained within, and therefore recommends the Board consider approving the following motion.

Following discussion, *on a motion duly made and seconded, Gangl/Peterson, the Spectrum Building Company Board of Directors unanimously approved the following: The Spectrum Building Company gives authority to its officers, after the 20 day publication period for the Review and Comment has concluded, to take action on the contract with Rivera Architects for the construction project on the property located at 17823 Industrial Circle NW, Elk River, Minnesota*

2. Rivera Architect Reimbursable Expenses

The Board reviewed the Prevailing Reimbursable Expenses as presented by Rivera Architects. The expenses were so noted by the Board.

3. Electronic Information Release Form

The Board reviewed the Electronic Information Release Form submitted by Rivera Architects.

Following discussion, *on a motion duly made and seconded, Gangl/Peterson, the Spectrum Building Company Board of Directors unanimously approved the Electronic Information Release Form as presented.*

4. Rivera Architects, Inc. Contract.

Mr. Kepler noted that statutorily the Board is not able to sign the contract until after the 20 day posting period of the Positive Review & Comment. He shared that he has reviewed the contract, is comfortable with the language contained within, and therefore recommends the Board consider approving the following motion.

Following discussion, *on a motion duly made and seconded, Gangl/Peterson, the Spectrum Building Company Board of Directors unanimously approved the following: The Spectrum Building Company gives authority to its officers, after the 20 day publication period for the Review and Comment has concluded, to take action on the contract with Rivera Architects for the construction project on the property located at 17823 Industrial Circle NW, Elk River, Minnesota.*

VIII. New Business

None

IX. Miscellaneous

None

X. Adjournment

On a motion duly made and seconded, Brunt/Peterson, the Spectrum High School and Spectrum Building Company Board of Directors unanimously adjourned the meeting at 5:33 p.m.



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Anthony C. Brunt

Board Secretary Certification, Tony Brunt