

MINNETONKA INDEPENDENT SCHOOL DISTRICT #276
District Service Center
5621 County Road 101
Minnetonka, Minnesota

Minutes of May 5, 2022 Regular Board Meeting

The School Board of Minnetonka Independent School District #276 met in regular session at 7:00 p.m. on Thursday, May 5, 2022 in the Community Room at the District Service Center, 5621 County Road 101, Minnetonka, Minnesota. Chairperson Chris Vitale presided. Other Board members present were: Katie Becker, Patrick Lee-O'Halloran, John Odom, Meghan Selinger, Lisa Wagner and Superintendent Dennis Peterson, ex officio. The meeting was also livestreamed on the District's YouTube channel. Absent: Mark Ambrosen.

Prior to the meeting, Board members recognized, via a video, the following groups and individuals: Minnesota Aspirations in Computing Awards; National German Exam Awards; National Interscholastic Swimming Coaches Association All America Academic Team; State Science and Engineering Fair Qualifiers; Speech State Qualifier; Knowledge Bowl State Qualifiers; DSC Honored Artists (Elementary Schools); and National Board Certified Teachers.

PUBLIC HEARING ON PROPOSED FEES FOR FY23

Chairperson Vitale said that at this time, the Board would hold a Public Hearing on various proposed FY23 fees for courses, activities, clubs and other miscellaneous items.

Superintendent Peterson explained that by law, the District was required to hold a Public Hearing on proposed fees to accept public comment. He then asked Executive Director of Finance and Operations Paul Bourgeois to come forward and explain the proposed revisions to the fee schedule.

Mr. Bourgeois began by saying that at the high school level, the following recommended fee changes are for new or existing classes or activities:

<i>Metals I</i>	<i>\$45</i>	<i>\$5 increase</i>
<i>Woods</i>	<i>\$25</i>	<i>\$5 increase</i>
<i>Adaptive Bowling</i>	<i>\$80</i>	<i>\$20 increase</i>
<i>Adaptive Floor Hockey</i>	<i>\$80</i>	<i>\$20 increase</i>
<i>Adaptive Soccer</i>	<i>\$80</i>	<i>\$20 increase</i>
<i>Soccer(boys/girls)</i>	<i>\$100</i>	<i>\$8 increase</i>
<i>Drama Fall Musical</i>	<i>\$80</i>	<i>\$5 increase</i>
<i>Drama Spring Musical</i>	<i>\$80</i>	<i>\$5 increase</i>
<i>Mock Trial</i>	<i>\$80</i>	<i>\$30 increase</i>
<i>Model UN</i>	<i>\$80</i>	<i>\$30 increase</i>
<i>Quiz Bowl</i>	<i>\$80</i>	<i>\$30 increase</i>

At the middle school level, there is one recommended new activity fee:

<i>Bright Watch</i>	<i>\$10-\$50</i>	<i>New fee</i>
	<i>(per weekday per quarter)</i>	

At the elementary school level, there are no recommended changes. Tonka Dome fees are recommended to increase by \$5 for each category.

Chairperson Vitale then invited members of the public to come forward and address the Board regarding the proposed changes to the fees. When no one came forward, he then closed the Public Hearing, called the meeting to order and asked that everyone stand and recite the Pledge of Allegiance to the flag.

1. **AGENDA**

Wagner moved, Becker seconded, that the School Board approve the agenda, as presented. Upon vote being taken thereon, the motion carried unanimously.

2. **SCHOOL REPORT: MHS**

Minnetonka High School Principal Jeff Erickson, members of his staff and students in the VANTAGE Advanced Professional Studies program provided updates on the following school goals: Students feel a strong sense of inclusion and belonging in the school community that is grounded in respectful and caring relationships; Students engage in learning environments that promote curiosity, critical thinking, authentic learning and collaboration; and, Students are inspired and challenged to explore their passions through new learning experiences and making connections beyond the classroom. The School Board members asked the students what was impactful about the VANTAGE program, and the students shared their experiences.

3. **COMMUNITY COMMENTS**

Chairperson Vitale noted that this opportunity for comment was available to community members who wished to address the Board on any item on that night's agenda. No one responded to this invitation to speak.

4. **APPROVAL OF PROPOSED FEES FOR FY23**

Superintendent Peterson explained that by law, the District was required to hold a Public Hearing on proposed fees to accept public comment, and that hearing had taken place just prior to the start of the regular meeting that evening. No comments had been received at the hearing. He then asked Executive Director of Finance and Operations Paul Bourgeois to come forward and explain the proposed revisions to the fee schedule.

Mr. Bourgeois began by saying that at the high school level, the following recommended fee changes are for new or existing classes or activities:

<i>Metals I</i>	<i>\$45</i>	<i>\$5 increase</i>
<i>Woods</i>	<i>\$25</i>	<i>\$5 increase</i>
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	<i>(per weekday per quarter)</i>	

At the elementary school level, there are no recommended changes. Tonka Dome fees are recommended to increase by \$5 for each category.

Wagner moved, Becker seconded, that the Board approve the following motion:

BE IT RESOLVED, that the School Board of Minnetonka Independent School District 276 does hereby approve the fee changes for the high school, middle school and elementary levels, and Tonka Dome fees as listed in the proposed fee schedules for Fiscal Year 2023 and hereby adds them to the comprehensive list of class and activity fees maintained by Minnetonka Independent School District 276.

Upon vote being taken on the foregoing motion, the motion carried unanimously.

5. **PREVIEW OF CELEBRATION OF EXCELLENCE**

Minnetonka's Annual Celebration of Excellence honors adults who represent the many excellent child-centered teachers, employees and volunteers serving Minnetonka Schools' students every day. The event will be held in-person at the Arts Center on 7 at Minnetonka High School and also via livestream on Thursday, May 12, 2022. It is open to everyone and begins with a 6:30 p.m. reception with refreshments in the lobby of the Arts Center. The program starts at 7 p.m. in the theatre. A link will be shared on the District website, social media channels and through emails to families and staff for those who would like to join the livestream.

In addition to years of service and teacher and employee awards, the evening includes announcements of the Bradley G. Board Award for Excellence in Elementary Education, the Joyce Gustafson Memorial Award and the Judy Erdahl Memorial Award, which is new this year. There are also Gold Partner Awards for outstanding contributors to the District's VANTAGE program, and new this year, the District added awards for Gold Partners for key

contributors to the District's MOMENTUM program. The event concludes with the District's selection of an elementary teacher and a secondary teacher who will serve as Minnetonka Schools' nominees for 2023 Minnesota Teacher of the Year program. Executive Director of Communications Dr. JacQui Getty shared an overview of the upcoming 2022 Celebration of Excellence event and a preview video of what attendees can expect to experience.

6. **APPROVAL OF TONKA ONLINE COURSES**

Dr. Peterson noted that these new course proposals had been reviewed at the Board's April Study Session, and he recommended that the Board approve the following:

Course Title	Grade(s)
TO Calculus	10-12
TO Music Technology (0.5 credits)	9-12
TO Introduction to Business	9-12
TO Money, Banking, and Investing	10-12
TO Drawing II	9-12
TO Digital Photography II	9-12

Becker moved, Odom seconded, that the Board approve the list of proposed Tonka Online courses. Upon vote being taken thereon, the motion carried unanimously.

7. **APPROVAL OF BID FOR VANTAGE/MOMENTUM BUILDING CONSTRUCTION**

Mr. Bourgeois presented this item to the Board. He began by noting that at the October 7, 2021 School Board Meeting, the School Board approved the construction of a 36,300-square-foot building to house the VANTAGE Program and future strands of the MOMENTUM Program at 5735 County Road 101, Minnetonka, MN at a total project cost estimated at \$14,000,000.

Over the ensuing months the project has been designed and has received all the necessary permits from permitting authorities in order to proceed to construction.

Bids for the VANTAGE/MOMENTUM building construction were opened at the District Service Center at 4:00 PM on Tuesday, May 3, 2022. Eight (8) bids were received as follows:

<i>Morcon Construction</i>	<i>\$15,555,083</i>
<i>Rochon Construction</i>	<i>\$15,825,000</i>
<i>Donlar Construction</i>	<i>\$16,126,000</i>
<i>Ebert Construction</i>	<i>\$16,333,000</i>
<i>Shaw-Lundquist Construction</i>	<i>\$16,390,000</i>
<i>Jorgenson Construction</i>	<i>\$16,545,000</i>
<i>CM Construction</i>	<i>\$17,248,800</i>
<i>Construction Results</i>	<i>\$17,554,770</i>

All of the bids have come in higher than the construction estimate, including the low bid of Morcon Construction. This is highly unusual, as in past times, the estimates provided by ATS&R have proven to be spot on. The range of bids from the large group of large construction contractors tells a story in itself. The key takeaway is that inflation is hitting the construction market in a significant way.

The District interviewed the low bidder on Wednesday, May 4 to review the cost estimates of the low bid. Morcon Construction indicated to us that they have seen steady and rapid cost increases almost weekly in bid prices for other jobs that they have been bidding. Costs of concrete and steel, both of which are significant components of this project, were mentioned as having significant cost increases.

Another key factor for building construction is the cost per gallon of diesel fuel. All construction materials are shipped, often several times, and of course, large construction equipment runs on diesel fuel. In April 2021 the average for a gallon of diesel fuel was \$3.06 per gallon. In April 2022, the average for a gallon of diesel fuel was \$5.12 per gallon, which is an increase of \$2.06 or 67% from April 2021.

The following table is the percent increase year over year in the Minneapolis statistical area for the Builders Cost Index (BCI).

January 2020	1.0%
February 2020	0.6%
March 2020	0.8%
April 2020	1.0%
May 2020	1.7%
June 2020	2.5%
July 2020	2.4%
August 2020	1.4%
September 2020	2.0%
October 2020	2.5%
November 2020	3.8%
December 2020	4.0%
January 2021	3.4%
February 2021	3.7%
March 2021	5.0%
April 2021	5.6%
May 2021	7.4%
June 2021	8.0%
July 2021	10.4%
August 2021	12.7%
September 2021	14.6%
October 2021	12.9%
November 2021	11.6%

December 2021	11.0%
January 2022	13.0%
February 2022	14.7%
March 2022	15.4%
April 2022	15.4%

What is evident from the table is that construction inflation started increasing in November 2020 from prior more stable cost increases and has been accelerating steadily since then.

Additional impacts to the bids mentioned by Morcon Construction were subcontractors allowing for an inflation cushion in their pricing and to cover any supply chain disruptions or material shortage issues. In a time period when inflation is accelerating and there is great uncertainty as to how high it will get and how long it will last, that is an understandable business practice on the part of subcontractors.

The low bid of Morcon Construction of \$15,555,083 results in an estimated all-in construction cost of \$16,850,000, which would require the commitment of \$2,850,000 of additional resources. The low bid is valid for a period of 60 days.

Given the unusual economic period that exists at this point in time, with many factors to be considered, Mr. Bourgeois noted that it would be appropriate if the School Board would so choose to table this item for a period of time to allow for additional data gathering by Administration and presentation of all pertinent factors for the School Board to study and consider before determining the appropriate course of action for the District.

Wagner moved, Becker seconded, that the Board table this item. Upon vote being taken thereon, the motion carried unanimously. Chairperson Vitale noted that this item would be brought back to the May 19 Study Session for further discussion. Superintendent Peterson noted that the Board could also choose to hold a special meeting on May 19 to approve the bid, after discussion, if they wished.

8. **APPROVAL OF LONG-TERM FACILITIES MAINTENANCE PLAN**

Executive Director of Finance and Operations Paul Bourgeois presented the updated Ten-Year Long-Term Facilities Maintenance Plan to the Board. He walked the Board through the Plan, explaining the maintenance history and projection for long-term projects for District facilities.

Lee-O'Halloran moved, Becker seconded, that the Board approve the following motion:

BE IT RESOLVED, that the School Board of Minnetonka Independent School District 276 does hereby approve the Long-Term Facilities Maintenance Plan for FY2023 through FY2032 including projects estimated at a total cost of \$73,510.00.

Upon vote being taken thereon, the motion carried unanimously.

9. **APPROVAL OF POLICY #705: INVESTMENT OF DISTRICT FUNDS**

Mr. Bourgeois noted that Policy #705: Investment of District Funds was established in September 2004. The purpose of the policy is to allow for the District to have an opportunity to earn additional interest income on its cash balance that is not immediately needed to pay payroll or accounts payable expenses. By earning interest on its cash balance, the District is able to generate additional revenue to ultimately use for classroom instruction.

The allowable investments for the District are listed in Section I of the Policy. The investments are all designed to be safe investments to insure preservation of the principal, which is appropriate. The current allowable investments are all listed in Section 118A.04 of the Minnesota Statutes.

However, there is one common, safe investment vehicle called a Guaranteed Investment Contract that is listed in Section 118A.05 of the Minnesota Statutes as allowable to be a school district investment. A Guaranteed Investment Contract is made using a bidding process between banks for the use of a portion of school district cash for a certain amount of time at a guaranteed interest rate. The banks allowed to bid are required to have very high credit ratings. The guaranteed interest rate results in a fixed amount of interest over the life of the guaranteed interest contract, which is usually 12 months. This type of investment vehicle will typically result in an interest rate that is 50-75 basis points higher than what can be earned through the other investment instruments listed in the District's current version of Policy #705.

The proposed revision to Policy #705 would add two wording changes in Section I:

1. It would allow investments within the categories listed in Minnesota Statutes 118A.04 and 118A.05
2. It would add guaranteed investment contracts as allowed in Minnesota Statutes 118A.05 to the list of investments allowed by the District

As interest rates are rising, there is an opportunity for the District to generate additional interest earnings revenue using a guaranteed interest contract for a portion of its investable cash.

Selinger moved, Becker seconded, that the Board approve revised Policy #705 as presented. Upon vote being taken thereon, the motion carried unanimously.

10. **APPROVAL OF AUTHORIZATION TO SELL 2022B LONG-TERM FACILITIES MAINTENANCE BONDS**

Mr. Bourgeois explained that the District's Ten-Year Long-Term Facilities Plan had been reviewed and approved by the Board earlier this evening. The Plan includes \$8,985,000 in necessary projects for Fiscal Year 2024 (FY24), which begins on July 1, 2023. The majority of the FY24 projects will be competed in summer 2023 in the period when school is not in session from approximately June 15 through August 15. Projects for summer 2023 work will

be in the design and bid process in August, September and October in order to obtain the most favorable bid pricing. That timing also allows for the winning vendors to line up and stock pile any materials needed for the work to be performed in the approximately 2-month construction window of summer 2023, as well as get permits from the local municipalities well in advance of the start of work.

The Minnesota Department of Education will review the 10-Year Plan in late June 2021 as required by statute and will issue the Commissioner's Approval Letter as required by Statute prior to the issuance of \$8,985,000 in bonds for the FY24 projects.

Authorization is being requested to sell the \$8,985,000 in bonds at this time. Once authorized, the bonds will be sold in late August after the MDE approval, with approval of the sale terms at the September 1, 2022, School Board Meeting, which is in time for inclusion of the bond payments in the 22 Pay 23 Preliminary Levy. The authorizing resolution for the 2022B General Obligation Long Term Facilities Maintenance Bonds was written by the District's bond counsel Dorsey & Whitney.

Wagner moved, Odom seconded, that the Board approve the authorizing resolution as presented. Upon vote being taken thereon, the motion carried unanimously.

11. **APPROVAL OF AUTHORIZATION TO SELL 2022C REFUNDING BONDS**

Mr. Bourgeois explained that the 2013H General Obligation Refunding Bonds are the remaining bond coupons left from the 1996B General Obligation Bonds that were approved by the voters of the District in the last Building Bond Referendum Election run by the District in 1996.

The 2013H General Obligation Refunding Bonds reduced the interest rates from 4.29% to 3.57% at Net Present Value savings of \$571,278. The 2013H Bonds were designed to have a call date of February 1, 2023 in order to give the District the opportunity for "one more bite at the apple" to save additional funds prior to final maturity of the last coupon on February 1, 2026.

At this point in time, even though interest rates are rising, it is still financially advantageous to refund the 2013H Bonds at their call date. The refunding bonds will be sold in early September, which will allow the new lower bond payments to be included in the 22 Pay 23 Preliminary Levy that will be set in September 2021. It is estimated that the bonds can be sold at an estimated interest rate of 2.15% which will result in Net Present Value savings of approximately \$56,987.

Lee-O'Halloran moved, Becker seconded, that the Board approve the authorizing resolution as presented. Upon vote being taken thereon, the motion carried unanimously.

12. **CONSENT AGENDA**

Wagner moved, Selinger seconded, that the School Board approve the following recommendations included within the following Consent Agenda items:

- Minutes of April 7 Regular Meeting; April 20 Special Meeting and April 21 Special Meeting
- Study Session Summary of April 21, 2022
- Payment of Bills – in the sum of \$8,246,331.36.
- Recommended Personnel Items – as shown in Addendum A.
- Gifts and Donations for April 2022: \$300.00 from the Blackbaud Giving Account to be placed in the Deephaven Elementary School Principal Discretionary Account. \$33.32 from Frontstream to be placed in the Groveland Elementary School Principal Discretionary Account. \$79.20 from the Benevity Community Account and \$358.00 from the Blackbaud Giving Account, both to be placed in the Minnewashta Elementary School Principal Discretionary Account. \$125.60 from the Blackbaud Giving Account to be placed in the Excelsior Elementary School Principal Discretionary Account. \$1,000.00 from Dr. Dennis Peterson to be placed in the MHS Dr. Dennis Peterson Scholarship Account. \$4,000.00 from the Kopp Family Foundation to be placed in the MHS Senior Scholarship Account. \$7,934.32 from the MMW PTO to be placed in the MMW Enrichment Grants Account. \$500.00 from the Rotary Club of Minnetonka Foundation, \$750.00 from the Excelsior Rotary Foundation, and \$750.00 from the Optimist Club of Glen Lake; all to be placed in the MHS Seniors Serve 2022 Program Account. \$7244.09 from MHS Girls Hockey, \$3,464.87 from the Skipperettes Booster Club, \$4,030.25 from the Volleyball Booster Club, and \$1,658.00 from the Tonka Area Gymnastics Association; all to be placed in the MHS Assistant Coach Stipend Fund. \$330.00 from the Blackbaud Giving Account to be placed in the MHS Principal Discretionary Account. \$150.00 from the Blackbaud Giving Account to be placed in the MME Principal Discretionary Account. \$5.60 from the Blackbaud Giving Account to be placed in the MMW Principal Discretionary Account. \$58,367.06 from the Minnetonka Foundation to be placed in the Minnetonka 2022-23 Teacher Grant Program Account. \$197.73 from Kurt Hoddinot to be placed in the Scenic Heights Elementary School Principal Discretionary Account. \$250.00 from Sally and Michael Grossman to be placed in the MHS Baseball Program Account. Total Gifts and Donations thus far for 2021-22: \$357,423.82.
- Electronic Fund Transfers - as shown in Addendum B.

Upon vote being taken on the foregoing Consent Agenda items, the motion carried unanimously.

13. **BOARD REPORTS**

Board Clerk Wagner shared that the Board has approved a contract between the District and Mr. David Law, current superintendent for Anoka-Hennepin Schools. Mr. Law will become the next superintendent of Minnetonka Public Schools, and his start date is July 1, 2022. Chairperson Vitale thanked the Superintendent Search Subcommittee members Lisa Wagner, Katie Becker and John Odom for their efforts in leading the successful search.

14. **SUPERINTENDENT'S REPORT**

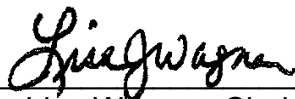
Superintendent Peterson shared that there are several celebrations coming up, including the May 12 Celebration of Excellence, the District's annual retirement event for all staff and teachers who are retiring at the end of this school year and the annual all-staff breakfast. He noted that this year there will be several smaller events at the schools rather than one large breakfast event.

15. **ANNOUNCEMENTS**

There were no announcements this evening.

16. **ADJOURNMENT**

Wagner moved, Becker seconded, adjournment at 8:07 p.m. Upon vote being taken thereon, the motion carried unanimously.

A handwritten signature in cursive script, reading "Lisa Wagner", is positioned above a horizontal line.

Lisa Wagner, Clerk