

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

Minutes of December 7, 2023 Regular Board Meeting

The School Board of Minnetonka Independent School District #276 met in regular session at 7:00 p.m. on Thursday, December 7, 2023 in the Community Room at the District Service Center, 5621 County Road 101, Minnetonka, Minnesota. Chairperson Lisa Wagner presided. Other Board members present were: Mark Ambrosen, Katie Becker, Patrick Lee-O'Halloran, Michael Remucal, Meghan Selinger, Chris Vitale and Superintendent David Law, ex officio. The meeting was also livestreamed on the District's YouTube channel.

Prior to the meeting, the Board recognized, via a video, the District Service Center Honored Artists (Elementary Level); Boys Cross Country State Qualifiers; Girls Cross Country State Qualifiers; Boys Soccer State Qualifiers; Girls Swim & Dive State Qualifiers; Girls Tennis State Qualifiers; Girls Volleyball State Qualifiers; Middle School and High School Mountain Biking State Qualifiers; 2023 AP Scholars with Honor; MCEA and LERN awards for Minnetonka Community Education; and Leaders and Site Coordinators for the Employee Charitable Giving Campaign.

Also prior to the regular meeting, the Board held its annual Truth in Taxation Hearing. Superintendent Law said that this time was set aside to provide information to District residents and that the Board would take action on the levy as part of that evening's regular meeting agenda. He called upon Paul Bourgeois, Executive Director of Finance and Operations, to present the information to the Board.

Mr. Bourgeois began by saying that MN Statutes have required since 1988 that every school district, city and county hold a Truth in Taxation Hearing prior to adopting the annual property tax levy. At the hearing, the School District must present information on the current year budget, information on the proposed levy, and it must explain major changes in the proposed levy. In addition, after the presentation, the School District is required to take public comment on the proposed levy.

Highlights of Mr. Bourgeois' presentation included the following:

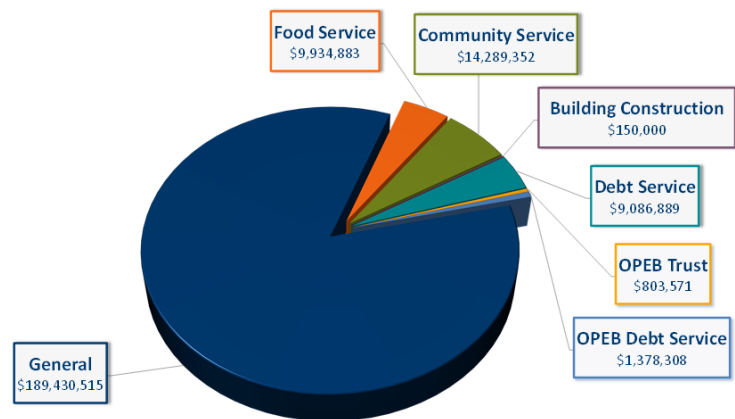
District Revenues & Expenditures
Actual for FY 2023, Budget for FY 2024

FUND	FISCAL 2023 BEGINNING	2022-23 ACTUAL		JUNE 30, 2023 ACTUAL	2023-24 BUDGET		JUNE 30, 2024 PROJECTED
	FUND BALANCES	REVENUES & TRANSFERS IN	EXPENDITURES & TRANSFERS OUT	FUND BALANCES	REVENUES & TRANSFERS IN	EXPENDITURES & TRANSFERS OUT	FUND BALANCES
General/Restricted	\$4,221,923	\$20,773,387	\$20,743,820	\$4,251,489	\$24,639,290	\$23,915,699	\$4,975,080
General/Other	28,604,347	156,921,688	156,876,047	28,649,988	164,791,225	162,668,168	30,773,045
Food Service	3,181,134	6,312,341	5,694,841	3,798,633	9,934,883	9,088,460	4,645,056
Community Service	2,774,203	15,074,183	13,256,233	4,592,152	14,289,352	14,341,459	4,540,045
Building Construction	16,590,101	2,755,331	8,077,835	11,267,597	150,000	8,220,100	3,197,497
Debt Service	1,377,349	12,731,845	12,650,297	1,458,898	9,086,889	9,093,154	1,452,633
Internal Service	10,643,467			8,801,165			7,935,966
OPEB* Revocable Trust	14,500,276	1,043,487	815,037	14,728,726	803,571	815,077	14,717,220
OPEB* Debt Service	504,375	1,542,217	1,475,746	570,847	1,378,308	1,478,096	471,059
Total All Funds	82,397,176	217,154,479	219,589,857	78,119,496	225,073,518	229,620,213	72,707,602

*Other Post Employment Benefits

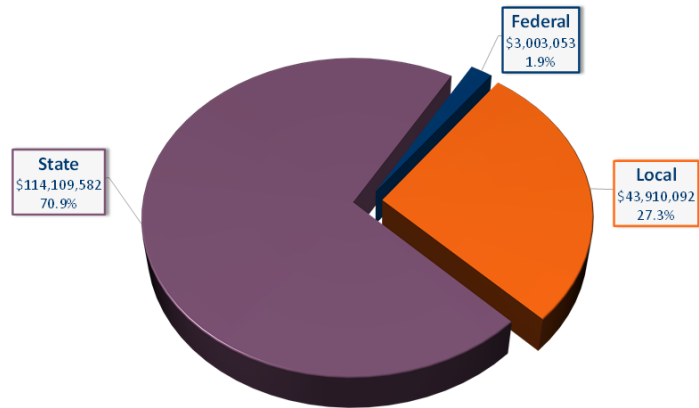
Revenue - All Funds -

2023-24 Budget
\$225,073,518



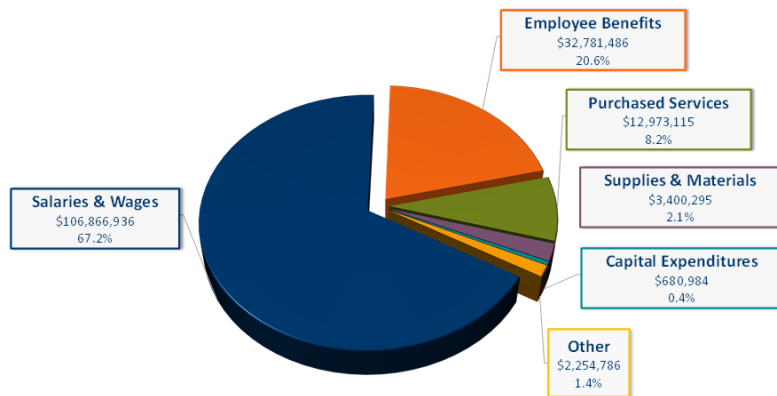
General Fund Revenue

2023-24 Budget
\$161,022,727



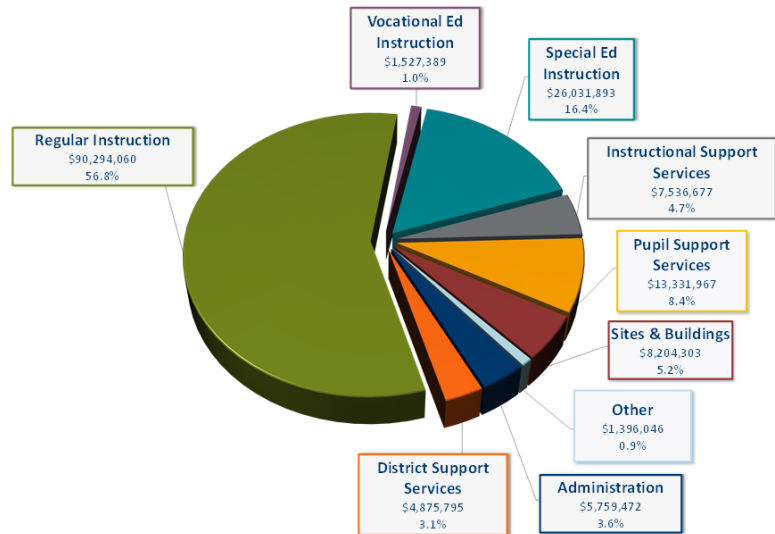
General Fund Expenditures - by Object -

2023-24 Budget
\$158,957,602



General Fund Expenditures - by Program -

2023-24 Budget
\$158,957,602



Comparison of Actual Tax Levy Payable in 2023 to Proposed Levy Payable in 2024

Fund Levy Category	Actual Levy Payable in 2023	Proposed Levy Payable in 2024	\$ Change	% Change
General				
Voter Approved Operating Referendum	\$25,874,581	\$27,235,210	\$1,360,629	
Local Optional Revenue (LOR)	8,721,859	8,823,968	102,106	
Equity	845,900	618,170	(227,730)	
Voter Approved Technology Referendum	7,609,742	9,240,571	1,630,829	
Operating Capital	1,236,845	1,474,799	237,955	
Alternate Teacher Compensation	1,050,093	1,026,958	(23,135)	
Long Term Facilities Maintenance	600,000	600,000	0	
Instructional Lease	2,554,553	2,775,954	221,401	
Other	1,288,747	1,510,180	221,433	
Prior Year Adjustments	2,243,376	2,250,086	6,709	
Total, General Fund	\$52,025,697	\$55,555,895	\$3,530,197	6.8%
Community Service				
Basic Community Education	\$303,140	\$342,368	\$39,228	
Early Childhood Family Education	305,505	294,782	(10,723)	
School-Age Child Care	100,000	100,000	0	
Other	11,452	14,660	3,208	
Prior Year Adjustments	289,581	263,357	(26,223)	
Total, Community Service Fund	\$1,009,678	\$1,015,168	\$5,490	0.5%
Debt Service				
Voter Approved	\$1,706,700	\$1,285,169	(\$421,531)	
Long Term Facility Maintenance	6,490,149	7,941,097	1,450,949	
Other Post Employment Benefits	1,552,001	1,559,070	7,069	
Reduction for Debt Excess	(175,385)	(1,473,164)	(1,297,779)	
Prior Year Adjustments	4,954	(5,536)	(10,490)	
Total, Debt Service Fund	\$9,578,418	\$9,306,636	(\$271,782)	-2.8%
Total Levy, All Funds	\$62,613,793	\$65,877,698	\$3,263,905	5.2%
Subtotal by Truth in Taxation Categories:				
Voter Approved	37,382,854	39,337,532	1,954,678	
Other	25,230,939	26,540,166	1,309,227	
Total	\$62,613,793	\$65,877,698	\$3,263,905	5.2%

Factors Impacting Individual Taxpayers' School Taxes

Many factors can cause a tax bill for an individual property to increase or decrease from year to year

- Changes in value of individual property
- Changes in total value of all property within District
- Increases or decreases in levy amounts caused by changes in state funding formulas, local needs & costs, voter-approved referendums & other factors

Estimated Changes in School Property Taxes, 2021 to 2024
Based on No Changes in Property Values

Type of Property	Estimated Market Value	Actual Taxes Payable in 2021	Actual Taxes Payable in 2022	Actual Taxes Payable in 2023	Estimated Taxes Payable in 2024	Change in Taxes 2021 to 2024	Change in Taxes 2023 to 2024
Residential Homestead	\$300,000	\$1,581	\$1,545	\$1,434	\$1,392	-\$189	-\$42
	400,000	2,134	2,086	1,934	1,878	-256	-56
	500,000	2,670	2,611	2,420	2,351	-319	-69
	600,000	3,257	3,186	2,949	2,865	-392	-84
	700,000	3,843	3,761	3,477	3,380	-463	-97
	800,000	4,430	4,336	4,005	3,895	-535	-110
	900,000	5,016	4,910	4,534	4,409	-607	-125

General Notes

1. Amounts are based on school district taxes only, and do not include taxes for city or township, county, state, or other taxing jurisdictions.
2. Estimates of taxes payable in 2024 are preliminary, based on the best data available.
3. For all examples of properties, taxes are calculated based on no changes in estimated market value from 2021 to 2024.

In conclusion, Mr. Bourgeois noted that the 2023 Payable 2024 Levy being presented for Certification by the School Board is \$65,877,698.30.

A school district can always lower the Final Levy Certification from the amount of the Preliminary Levy Certification in a particular category, but can never increase it from the Preliminary Levy Certification unless there is a voter-approved referendum for facilities, capital projects, or operations. On November 7, 2023, the voters of the District approved an extension of the Capital Projects Levy through the 2032 Payable 2033 Levy for Fiscal Year 2034 at the same rate of 6.569% of Net Tax Capacity, so that referendum approval does not increase the 2023 Pay 2024 Final Property Tax Levy above the 2023 Pay 2024 Preliminary Property Tax Levy.

The proposed final levy of \$65,877,698.30 is an increase of \$3,263,904.87 or 5.21% from the prior year amount of \$62,613,793.43.

At this point in the proceedings, Chairperson Wagner invited members of the public to speak regarding the proposed levy. When no one responded to this invitation to speak, Chairperson Wagner then closed the public hearing.

Also prior to the regular meeting, the Board conducted its annual meeting regarding progress made toward the World's Best Workforce (WBWF) goals. The WBWF bill, passed by the Minnesota Legislature in 2013, strives to ensure that every school district in the state is making strides to increase student achievement and performance—a strategic focus for Minnetonka since 2001.

Associate Superintendent for Instruction Amy LaDue explained that the WBWF legislation requires districts to set the following five goals, which for Minnetonka are embedded in the District's Q-Comp, Staff Development, Teacher Evaluation Growth Model, and Principal Evaluation Plans:

1. All students are ready for school.
2. All third graders can read at grade level.
3. All achievement gaps between students are closed.
4. All students are ready for career and college.
5. All students graduate from high school.

Each district is required to create their own plan to align curriculum and instruction so that students are college and career ready – another strategic focus for Minnetonka. The success of each plan will be measured by:

- Local assessment data
- Closing the gap by student group
- Early childhood assessment data
- MCA scores
- College entrance exams

Director of Teacher Development Sara White then presented the 2022-23 World's Best Workforce goals and results for the District, along with strategies and initiatives the District engaged in to meet the goals. She also presented the goals for 2023-24, which include the following:

Goal Area	2023-24 Minnetonka Goal
All children are ready for school.	The percentage of all incoming kindergarten students in Minnetonka Public Schools at low risk on the Fastbridge Early Reading Screener will increase from 80.6% in fall 2023 to 82.6% by October 2024.

15

Goal Area	2023-24 Minnetonka Goal
All third graders can read at grade level.	No longer a part of WBWF

16

Goal Area

2023-24 Minnetonka Goal - Reading

All racial and economic achievement gaps between students are closed.

To close the proficiency gap in reading by 2027, **72.4%** of Non-White students will be proficient on the MCA III in Reading in 2024, an increase from **69.5%** proficiency in 2023. White students will increase proficiency from **75.6%** in 2023 to **77.0%** in 2024. This will narrow the gap in proficiency from **6.1%** in 2023 to **4.6%** in 2024.

17

Goal Area

2023-24 Minnetonka Goal - Math

All racial and economic achievement gaps between students are closed.

To close the proficiency gap in math by 2027, **73.5%** of Non-White students will be proficient on the MCA III in Math in 2024, an increase from **70.8%** in 2023. The percent of White students who will be proficient will increase from **77.1%** in 2023 to **78.1%** in 2023. This will narrow the gap in proficiency from **6.3%** in 2023 to **4.6%** in 2024.

18

Career & College-Ready

1. Meeting or exceeding the readiness for college level coursework in all four areas as measured on the ACT;
2. Successfully completing one or more AP, IB, or Science Research courses;
3. Successfully completing one or more VANTAGE or MOMENTUM course



19

Goal Area 2023-24 Minnetonka Goal

All students are ready for career and college.

Prior to graduation, 89.0% of students at Minnetonka High School graduating in June 2024 will demonstrate readiness for post-high school studies and careers by meeting two of the three following benchmarks:

- Meeting or exceeding the readiness for college level coursework in all four areas (English Composition, Algebra, Social Science, Biology) as measured on the ACT;
- Successfully completing one or more AP, IB, or Science Research courses;
- Successfully completing one or more VANTAGE or MOMENTUM course.

20

Goal Area	2023-24 Minnetonka Goal
All students graduate from high school.	<p>The 4-year graduation rate for Minnetonka High School students as determined by the Minnesota Department of Education will increase from 97.1% in 2022 to 97.3 % in 2023.*</p> <p>*Graduation rates cannot be reported until MARSS end-of-year data is finalized in January. Typically the data are updated at the end of February/beginning of March.</p>

21

In closing, Ms. White noted that the World's Best Workforce legislation aligns with Minnetonka's vision for all students' extraordinary achievement in the classroom and in life. The WBWF provides a template for the District to report on its goals, strategies and results. Ms. White also noted that the summary will be available in the annual report and also on the District website.

At this point in the proceedings, Chairperson Wagner invited members of the public to speak regarding the World's Best Workforce presentation. District employee Sara Martinson then read the following prepared statement:

Madame Chair, Superintendent Law, and Members of the Board:

Hello. My name is Sara Martinson and I am here this evening to comment on the World's Best Work Force Annual Meeting Report. I have been an educator at Minnetonka High School since 2005. I am proud to work in this district, with these teachers, for this community.

During my tenure at Minnetonka I've worn several professional hats: teacher, department chair, tech coach, golf coach, and my current role as information and digital learning coordinator at the high school. I've had the opportunity to work closely with students, paraprofessionals, teachers, administrators, and families across the district, and there is one thing I know to be true - we definitely have Minnesota's Best Work Force.

At Minnetonka, we are fortunate to attract exceptional teachers, largely due to our reputation - and our reality - of providing a world class education for students. I applaud the district's continued focus on and support of unique programs and a variety of learning experiences that "will best prepare students for college or career" - from Immersion to Navigators to IB, AP, Vantage, Science Research, SAIL, Tonka Online, Aviation, and Momentum.

This world class education students receive, though, doesn't come without a lot of time and effort, and it's certainly not free. Minnetonka strives to be at the forefront of educational innovation. And the report states that you "pride [yourselves] on hiring the very best teachers to meet the needs of our students" and you "seek out the very best teachers in the market to join our team."

You also work to recruit the best and brightest administrators, and you pay them accordingly - our superintendent and building principals' salaries are among the very highest in the state. But Minnetonka isn't just about administration, programs, and optics; it's about real people - professional educators at every level - who care deeply about kids - and who are designing courses and differentiating instruction in classrooms every day to help meet the lofty goals of the district, the high expectations of themselves and this community, and most importantly, the needs of our students.

Unfortunately Minnetonka teachers have an average salary that does not reflect the value they bring to the district.

I appreciate the Board's commitment to fiscal responsibility. I want nothing more than the district's - and our students' - continued success. Minnetonka's finances are healthy, and this has allowed the district to allocate funds to new buildings, new administrators, and new programs. If there is money to fully fund and support these programs, there is also money to fund all the staff who make those programs successful, including teachers.

When it comes to budgeting, it comes down to what is valued-- what makes the ship sail, if you will. In order to retain and continue to recruit the World's Best Work Force, I respectfully request that you revisit the budget you approved last spring and reallocate funds, to acknowledge the value Minnetonka teachers bring to this district. The money is there, and your teachers have earned both the respect and the compensation. Thank you.

(quoted material in the above statement is from the World's Best Workforce Annual Report)

Chairperson Wagner thanked Ms. Martinson for her comments. She then closed the World's Best Workforce annual meeting, called the regular meeting to order and asked that everyone stand and recite the Pledge of Allegiance to the Flag.

1. **AGENDA**

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

2. **SCHOOL REPORT: MMW**

MMW Principal Freya Schirmacher, along with members of her staff and students, provided an update summarizing the first quarter highlights at MMW, as well as offering a snapshot of what is to come for the rest of the 2023-24 school year. The report specifically highlighted their Core Values in action, their ongoing work with PLC and MTSS goals, and their continued focus on belonging, inclusion, and community at MMW. Members of the MMW community also shared about their revitalized student leadership opportunities.

Chairperson Wagner thanked Principal Schirmacher and all those who assisted her for the great presentation. Vice Chairperson Selinger asked about a comment a student had shared about inclusivity. The student said, "Inclusivity is like the school spreading its arms for you, and belonging is like you stepping into them."

3. **COMMUNITY COMMENTS**

Chairperson Wagner 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. She also read the guidelines for Community Comments, for the benefit of those who wished to speak.

The following individuals then addressed the Board:

- District employee Christin Berger addressed the Board regarding the district's long-term financial stability, and asked that the Board keep the teachers in mind when discussing the long-term budget.
- District employee Gwynneth Jones Wacker addressed the Board regarding the district's new course proposals, noting that fewer and fewer young people are choosing teaching as a profession. She said the Board needs to offer competitive wages and benefits to attract and hire the best teachers to teach these new courses.

Chairperson Wagner thanked the community members for their comments.

4. **ADOPTION OF 2023 PAYABLE 2024 LEVY**

Mr. Bourgeois repeated his presentation from the Truth in Taxation Hearing, held earlier this evening. He noted that Minnesota Statutes require that each school district certify a final property tax levy by December 30, 2023 for property taxes to be collected in calendar year 2024.

The 2023 Payable 2024 Levy being presented for Certification by the School Board is \$65,877,698.30.

A school district can always lower the Final Levy Certification from the amount of the Preliminary Levy Certification but can never increase it from the Preliminary Levy Certification unless there is a voter-approved referendum for facilities, capital projects, or operations. On November 7, 2023, the voters of the District approved an extension of the Capital Projects Levy through the 2032 Payable 2033 Levy for Fiscal Year 2034 at the same rate 6.569% of Net Tax Capacity, so that referendum approval does not increase the 2023 Pay 2024 Final Property Tax Levy above the 2023 Pay 2024 Preliminary Property Tax Levy.

The proposed final levy of \$65,877,698.30 is an increase of \$3,263,904.87 or 5.21% over the prior year amount of \$62,613,793.43. Certification of this levy amount will set this amount as the amount that the School Board will levy for the 2023 Payable 2024 levy.

It is recommended that the School Board certify the 2023 Payable 2024 Levy in the amount of \$65,877,698.30 and authorize administration to file the Certified 2023 Payable 2024 Levy with the Hennepin County Auditor, Carver County Auditor, and Minnesota Department of Education no later than December 30, 2023.

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

Resolution to Certify 2023 Payable 2024 Property Tax Levy

BE IT RESOLVED, that the School Board of Minnetonka Independent School District 276 does hereby certify the 2023 Payable 2024 Property Tax Levy in the amount of \$65,877,698.30, and;

BE IT FURTHER RESOLVED, that the Deputy Clerk of Minnetonka Independent School District 276 is hereby directed to deliver a signed original of the 2023 Payable 2024 Levy Certification to the County Auditors of Hennepin and Carver Counties prior to December 30, 2023 and deliver a copy to the Minnesota Department of Education Program Finance Division no later than December 30, 2023.

Upon vote being taken thereon, the motion carried unanimously.

5. ACCEPTANCE OF FY23 AUDIT

Executive Director of Finance and Operations Paul Bourgeois noted that the audit of the Fiscal Year 2023 Financial Statements has been completed by the auditing firm of CliftonLarsonAllen LLP. He introduced Lance Lauinger, CPA of CliftonLarsonAllen, who reviewed the Basic Financial Statements in the audit for the Board. Upon approval, the audited financial statements will be filed with the Minnesota Department

of Education as required by statute. The District will be receiving an unmodified opinion from CliftonLarsonAllen, which means the financial statements present fairly the financial position of the District on June 30, 2023.

The General Operating Fund Accounts produced an operating surplus of ongoing revenues over ongoing expenditures of \$460,853 for FY2023. Inclusive of all funds which roll up into the Comprehensive General Fund for the Annual Comprehensive Financial Report had a deficit of revenues to expenditures of (\$499,940.) This deficit was the result of the District incurring capital expenditures out of the Operating Capital Fund and the Capital Projects (Technology) Fund to purchase equipment for the VANTAGE MOMENTUM Building during FY2023 in preparation for its opening in mid-FY2024. According to Governmental Accounting Standards Board (GASB) and Minnesota Department of Education accounting requirements, the Comprehensive General Fund includes the District's General Operating Fund, as well as the Operating Capital Fund, Activities Fund, Fiduciary Fund, Arts Center Fund, Pagel Center Fund, Tonka Dome Fund and Capital Projects (Technology) Fund.

The District General Operating Fund Accounts for ongoing school site operations administration and extracurricular activities had an Unassigned Fund Balance of \$21,820,155 which is 14.5% of General Operating Fund expenditures for ongoing operations. The strength of the District's financial position is reflected in the School District maintaining an Aaa bond rating from Moody's Investors Service, which is held by only 90 out of 13,584 school districts in the country as of the latest information available to the District. The District's Unassigned Fund Balance is an important component that is considered by Moody's Investors Service when assigning bond ratings.

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 accept the Fiscal Year 2023 Audit as performed by the auditing firm of CliftonLarsonAllen LLP and directs administration to file the audit with the Minnesota Department of Education.

Upon vote being taken thereon, the motion carried unanimously.

6. UPDATE ON LONG TERM FINANCIAL STABILITY, INCLUDING ENROLLMENT CAP AND POSSIBLE FUTURE BUDGET REDUCTIONS

For almost two decades, starting with Fiscal Year 2007 (FY2007) and continuing through Fiscal Year 2024 (FY2024), Minnetonka Schools has not had to go through a budget reduction process to balance its General Operating Fund Budget. This has made Minnetonka unique compared to every other school district in the State of Minnesota, where annual budget reduction processes to balance the budget are the norm, rather than the exception.

As the school district has reached the cap for Operating Levy, has been capped by the Board at a set enrollment level since 2019 and did not receive as much funding as anticipated through the legislature this year, as Minnetonka receives the least categorical funding of districts across the state, the District is projecting a shortfall for FY25 and leadership must consider options to address this. Executive Director of Finance and Operations Paul Bourgeois was asked by the Board and Superintendent Law to present the District's financial picture and anticipated future challenges and to propose possible ways forward to balance the budget in the years to come.

Mr. Bourgeois shared that in the early 1990s, the Minnesota Legislature enacted statutes that shifted more school district funding to State Aid. With that new funding system, Minnetonka went through a 12-year period that included seven years of significant budget reductions and three years of deficit spending. All that changed because of three strategic decisions made by the School Board.

In the early 2000s, Resident Enrollment had been declining steadily from a peak of 7,645 in FY2000 to 7,245 by FY2007. The School Board made the decision to work to attract open enrollment to increase revenues and take advantage of economies of scale to spread the cost of running the District over more students, thereby freeing up revenue to be spent on more instructional opportunities for students.

The School Board made the decision to offer a Spanish or Chinese Language Immersion Program at each elementary school in Minnetonka starting in FY2008. These high-quality programs differentiated Minnetonka from other school districts, which might have a single immersion elementary school, if any, to serve students.

The School Board made the decision to run an Operating Referendum Election in November 2007 to ask the voters of the District to fund an increase to an existing Operating Referendum up to the Operating Referendum Cap at that time which would provide \$4 million in additional annual operating funds to the General Operating Fund via the local property tax levy. Initial survey results done by Bill Morris Surveys indicated in April 2007 that voter sentiment was 60% against and only 40% in favor. However, at that time Minnetonka was doing Long-Term Facilities Maintenance on a cash-up-front basis of approximately \$4 million annually in local property taxes. Minnetonka switched to bonding for Long-Term Facilities Maintenance, since all those improvements are long-lived improvements. The switch in Long-Term Facilities Maintenance to bonding lowered the annual property tax levy by \$4 million. That in turn allowed Minnetonka to put forward the Operating Referendum increase as a tax-neutral proposal, as the increase in the Operating Referendum property taxes were offset by the decrease in the Long-Term Facilities Maintenance property taxes. The voters of Minnetonka ultimately approved the Operating Referendum increase, with 65% voting yes and 35% voting no.

These three School Board decisions set the stage for the initial years of the 18-year run of no budget reduction process that continues through FY2024.

At that time, with facility additions added in the late 1990s with funding from the passage at 51.5% Yes-48.5% No of the 1996 \$33.0 Million Building Bond Referendum, Minnetonka had capacity for approximately 8,200 students. Filling to just that capacity would have meant that the revenue growth associated with Open-Enrolled students would end in approximately FY2010, after which Minnetonka would end up being back in a cycle of steady budget reductions as had been the case prior to FY2007.

The School Board approved a series of facility improvements on an annual basis that were funded out of existing Operating Capital revenue and Lease Levy revenue. As a result, no additional tax increases needed to be requested from the voters of the District. Using a combination of debt management and continuous refunding of bonds to lower interest rates to reduce their payments, the School Board has been able to approve facility additions of over 369,400 square feet which has given Minnetonka the ability to serve as many as 12,000 K-12 students. These facility improvements resulted in Minnetonka being able to have an average annual enrollment growth of 223 K-12 students through FY2022, which provided increased revenue for all students and the ability of the School Board to continue to offer students programs such as Elementary, Middle and High School Language Immersion classes, IP/AB programs, Minnetonka Research, VANTAGE Advanced Professional Studies, and MOMENTUM Design and Skilled Trades, among others.

In 2015, the Operating Referendum Cap had increased as a result of school district funding changes enacted by the 2014 Minnesota Legislature. The School Board decided to run an Operating Referendum Election to increase the Operating Referendum revenue per student. Study of the tax impact of increasing the Operating Referendum up to the new Operating Referendum Cap all at one time would result in a very large property tax increase to the voters of Minnetonka. As a result, Minnetonka developed an innovative two-step question whereby the voters of Minnetonka were asked to approve a modest increase of \$340 per pupil immediately and then a second modest increase of \$340 per pupil three years later, which had the effect of moderating the tax increase. At the November 3, 2015 election, the voters of Minnetonka approved this proposal at 71.6% Yes - 28.4% No.

The key strategic decisions of the School Board to pursue open enrollment, to run the tax-neutral November 2007 Operating Referendum election, to approve facility improvements funded out of the existing revenue streams of Operating Capital Revenue and Lease Levy Revenue, and to run the two-step November 2015 Operating Referendum election are the reasons why Minnetonka has been able to have an 18-year run of no budget reduction processes from FY2007 through FY2024 while all other school districts have had to enact repeated budget reductions.

All school districts in the State of Minnesota receive State Aid and Local Levy revenue to fund operations just like Minnetonka, but only Minnetonka has been able to compile the record of 18 consecutive years of no budget reductions. Those key strategic decisions to pursue open enrollment, to run the tax-neutral 2007 Operating

Referendum Election, to increase facility capacity by using existing Operating Capital and Lease Levy Revenue streams and running the two-step 2015 Operating Referendum Election are the sole reasons why Minnetonka has been able to be different from all other school districts in the State of Minnesota in compiling that 18-year run of no budget reductions.

Two developments subsequent to the November 3, 2015 election have occurred that are producing challenges for Minnetonka going forward into FY2025 and later years, which absent any changes will break the 18-year string of Minnetonka not needing to do a budget reduction process.

The first development is the fact that the with the results of the November 3, 2015 election, Minnetonka is at the Operating Referendum Cap and so can only receive inflation increases yearly and is unable to ask for an additional large amount per pupil as was possible in 2007 and 2015.

Projections of future budgets by administration in early 2017 indicated that in order for Minnetonka to continue offering its wide array of programs through 2030, it would be necessary to grow to between 11,500 and 11,600 students and to have the Minnesota Legislature increase the Operating Referendum Cap by at least \$600 per pupil no later than the 2023 Legislature so that the voters of Minnetonka could be asked to provide additional Operating Referendum revenue at the November 2023 election.

Increasing of the Operating Referendum Cap was proposed in November 2017 as a plank for the Minnetonka Legislative Position Statements for the 2018 Minnesota Legislative Session and was approved as such by the School Board in December 2017. This particular plank has been part of the Minnetonka Legislative Position Statements for each Legislative Session since that time. Unfortunately, Minnetonka has been unsuccessful to date in achieving an increase in the Operating Referendum Cap.

In October 2019, the School Board set a cap on K-12 in-person enrollment of 11,100 students. This cap is still in effect, but it has been modified to allow for Tonka Online enrollment in addition to the 11,100 K-12 in-person students.

For FY2025 which starts on July 1, 2024, the Operating Referendum Cap has not been raised and the 11,110 K-12 in-person enrollment cap is in place. Absent any changes, Minnetonka will have to enact budget reductions to balance the FY2025 General Operating Fund Budget.

The most recent budget projection for FY2025 is based on the FY2024 Interim Amended Budget with all changes through mid-October 2023. This projection estimates a deficit of ongoing revenues to ongoing expenditures of (\$1,677,260) in FY2025 followed by a larger deficit of (\$6,469,767) in FY2026. These deficits are certain to occur because Minnetonka is not able to get additional revenue from

enrollment growth and is unable to request additional Operating Referendum Revenue for the voters of Minnetonka to consider.

The School Board does have the ability to adjust the K-12 in-person enrollment cap should it consider that appropriate. One option to consider is to increase the enrollment cap by 10 students per grade above the FY2024 K-12 actual in-person enrollment that came in at 11,120 after all final late enrollments were tabulated. This increase would result in 11 2/3 students per elementary school, 15 students per middle school, and 40 students at the high school for FY2025. This number of students could be absorbed across the district with no additional personnel costs added. As a result, the General Operating Fund would be at approximately break-even for FY2025 and it would buy the time of an additional year for Minnetonka and its lobbying group CASE to continue efforts to get the Operating Referendum Cap raised. Increasing the K-12 in-person cap by 130 students would also lower the FY2026 projected deficit to (\$4,937,283), which is still substantial but greatly reduced. Mr. Bourgeois noted that these projections do not include the ongoing impact of final MTA compensation increases for FY2024 and FY2025, which are not available as of the time of this meeting.

In the discussion that followed, Superintendent Law said this is the first time for the Board to discuss this at a regular Board meeting, and it will be brought back in January for further discussion by the Board. Chairperson Wagner asked Mr. Bourgeois to talk more about what Minnetonka Schools got in the last legislative session and what it did not. Mr. Bourgeois explained that for categorical funding, Minnetonka Schools received the lowest in the state at \$63 per student, whereas some districts received several thousand dollars per student. Board member Becker asked about increasing enrollment and wanted the public to hear what an increase would look like. Superintendent Law explained how this might look, with a small number of students added to each building. Vice Chairperson Selinger said she had questions on the chart of year over year that Mr. Bourgeois had presented. Mr. Bourgeois clarified the columns and totals in the chart and what they meant. Chairperson Wagner said there would be continued conversations with the incoming Board, and she encouraged the current Board members and incoming members to thoughtfully consider the options that Mr. Bourgeois had presented.

7. APPROVAL OF NEW COURSE PROPOSALS, CHANGES AND DELETIONS

Superintendent Law introduced this item. He noted that the proposals have been reviewed by department chairs, program leads, building administration, district administration, the District Teaching and Learning Advisory Committee, and the Student Teaching and Learning Advisory Committee. Courses that are approved by the School Board will be included in the Skipper Log and available to students as they register for the 2024-25 school year. Course development and implementation funds will be allocated for each course based on sufficient enrollment. The Board reviewed all of these proposals at their Study Session in November.

COURSE PROPOSALS

The following proposals respond to programmatic needs that have been identified by the respective departments, programs, and administration.

Course Title	Grade(s)
Advanced Video Game Design – Tonka Online	9-12
Applied Mathematics—Momentum	10-12
CIS Principles of Microeconomics—VANTAGE	11,12
Earth Science	9
Engineering 3-D Computer Modeling—Tonka Online	9-12
Fashion Design II	9-12
Flight Training I: Private Pilot Operations—Momentum	10-12
Flight Training II: Instrument Pilot Operations—Momentum	10-12
Forensics II	11-12
Guitar Ensemble 2	9-12
Health Sciences II—VANTAGE	12
Human Performance—Minnetonka Research	10-12
IB Philosophy Standard Level	11,12
Interior Design II	9-12

COURSE REMOVAL LIST

Over the past three years, the following courses have not reached minimum student enrollment or have been replaced by a new course. Building and District administration will continue to monitor courses that have not run for subsequent years.

Course Removal
Textiles and Applied Design
Outdoor Experience

COURSE TITLE CHANGES

Departments have recommended revising two course titles to reflect the content of the courses more accurately.

Proposed Title	Current Title
Child Development and Education	Child Development
VANTAGE Computer Science	VANTAGE User Experience (UX) Design

Becker moved, Selinger seconded, that the Board approve the new course proposals, changes and deletions. Upon vote being taken thereon, the motion carried unanimously.

8. APPROVAL OF MCE FEES

Each year in December, the Minnetonka School Board receives fee recommendations from the Superintendent and MCE Administration for Minnetonka Preschool, ECFE and the Explorers childcare program. These fees have also been presented to the Minnetonka Preschool/ECFE PTO leadership. Fee recommendations are for the succeeding school year. Marketing materials need to be prepared for January mailings and Open House events. The Board's early input and approval allows for these key District programs to be marketed and planned for in an efficient manner.

Executive Director for Minnetonka Community Education Tim Litfin, Assistant Director Jenny Bodurka and Minnetonka Preschool/ECFE/Junior Explorers Coordinator Molly Bahneman presented program data, registration and fee proposal information for ECFE, Preschool and the Explorers childcare program for the 2024-25 school year.

Vitale moved, Becker seconded, that the Board approve the 0% fee increase proposal for Minnetonka ECFE for 2024-25. Upon vote being taken thereon, the motion carried unanimously.

Remucal moved, Becker seconded, that the Board approve the 12.5% fee increase for Minnetonka Preschool for 2024-25. Upon vote being taken thereon, the motion carried unanimously.

Ambrosen moved, Becker seconded, that the Board approve the proposed fee increase of 4.5% for Explorers in 2024-25. Upon vote being taken thereon, the motion carried unanimously.

Vitale moved, Selinger seconded, that the length of the school year for Minnetonka Preschool be extended from 37 to 40 weeks. Upon vote being taken thereon, the motion carried unanimously.

Board member Becker said she liked to see how much MCEC evolves to serve families' needs. She said she likes that ECFE and Preschool will be making a change to extend its programming year to match the District calendar and there is a cost to that change. Mr. Litfin agreed that is the case.

9. APPROVAL OF NAMING OF FORUM AT VANTAGE/MOMENTUM BUILDING

Superintendent Law presented this item to the Board. He noted that Minnetonka District Policy 809: Naming of Schools and Sites, states: "Schools and sites shall normally be given names which are indicative of the areas in which they are located. Schools may be named for individuals who have achieved significant places in America, Minnesota or School District life, when appropriate or entities which have contributed significantly to the District."

In addition: "Portions of school facilities, such as media centers, gymnasiums and athletic fields, shall be named according to their educational purpose; however, names of individuals or entities may also be associated with these facility sub-units upon designation by the Board. Criteria for nomination include evidence of distinguished service, special school contributions (fiscal or service), or other honors earned which reflect well upon the education received in the District. Nominations shall be submitted to the Superintendent who will duly inform all board members at the time of nominations and who will maintain a current file.."

Mr. Law noted that the Minnetonka Public Schools Foundation recently committed \$250,000 to support the technology used in the VANTAGE/MOMENTUM building forum. As a long-standing partner to the district enhancing educational programming at every school site, the foundation has proven itself as an entity that has provided significant, special contributions to the district. After receiving several nominations to recognize this gift, and with support from the foundation board of directors, this is a recommendation to name the Forum room at the new VANTAGE/MOMENTUM building the "Minnetonka Public Schools Foundation Forum" or the more commonly used the "Foundation Forum."

Vitale moved, Remucal seconded, that the Board approve the naming of the forum room at the new VANTAGE/MOMENTUM building the "Minnetonka Public Schools Foundation Forum" or the more commonly used the "Foundation Forum."

Upon vote being taken thereon, the motion carried unanimously.

10. **APPROVAL OF 2024 LEGISLATIVE POSITION STATEMENTS**

Mr. Bourgeois presented this item to the Board. Each year during the fall the Finance Advisory Committee works with District administrative staff and the citizens lobbying group Community Action for Student Education (CASE) to develop a platform of position statements for use in communicating District priorities to legislators during the subsequent legislative session. The 2024 Legislative Position Statements articulate key areas in which the District requires support from the Legislature for the District to continue to deliver high performing citizens into society in future years. The 2024 Legislative Position Statements focus on the need for the Legislature to provide sufficient funding for key funding formulas that are the backbone of programmatic stability for the District. Mr. Bourgeois shared the draft of the legislative position statements, which include the following:

- Increase the FY25 Basic Formula Revenue by 2% to 4% to Combat the Effects of Inflation
- Increase the Special Education Cross Subsidy by an Additional 10% to 54%
- Approve Third-Tier Local Optional Revenue to Give School Boards Added Local Control to Offset Basic Formula Funding Shortfalls and Reduce the Impact of the Great Disparity in the State - \$362 per Adjusted Pupil Unit

- Increase Operating Referendum Cap for FY25 and Thereafter to Reduce the Impact of Disparities in State Aid - \$750 per Adjusted Pupil Unit

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 2024 Legislative Position Statements and directs administration to utilize these position statements as the Minnetonka ISD 276 Platform for communications with the Governor and State Legislature during the 2024 Legislative Session.

Upon vote being taken thereon, the motion carried unanimously. Board member Lee-O'Halloran thanked Mr. Bourgeois for his work. He said we will advocate at the Capitol as much as possible this year and the legislative platform will help. Chairperson Wagner said she would encourage community members to get involved with CASE to help advocate for school funding

11. **ACCEPTANCE OF BID FOR MOMENTUM AVIATION CONSTRUCTION**

Mr. Bourgeois presented this item to the Board. He noted that in preparation for the startup of the MOMENTUM Aviation Pilot Training courses in September 2024, the District is installing a second floor in the south wing of the VANTAGE MOMENTUM Building and finishing internal construction and equipping of the spaces to house those courses.

The south wing of the VANTAGE MOMENTUM Building was constructed for future unidentified programs when the design for the building was completed in fall of 2021, and as part of that design, the space was originally configured to function as one very tall space for any potential program that might need a tall space for future construction-type courses, but also was able to have a second floor installed for future courses that would need a second floor. Subsequently, the Aviation Pilot Training courses have come to the fore and therefore the second-floor installation is necessary.

The budget estimate provided by ATSR Architects for the construction portion of starting up the Aviation Pilot Training courses is \$1,139,420.

Bids were opened at 2:00 PM on Tuesday, December 5, 2023. Seven bids were received for the project as follows:

Dering Pierson Group	\$610,800.00
CM Construction Company, Inc.	\$618,000.00
Construction Results Corporation, Inc.	\$618,424.00
Morcon Construction	\$622,000.00
Jorgenson Construction	\$654,000.00
Fendler Patterson Construction	\$656,641.00
Maertens-Brenny Construction Company	\$756,000.00

Ambrosen moved, Vitale seconded, that the Board approve the following motion:

BE IT RESOLVED that the School Board of Minnetonka Independent School District 276 does hereby accept the low bid of Dering Pierson Group in the amount of \$610,800.00 for construction of the MOMENTUM Aviation spaces in the VANTAGE MOMENTUM Building.

Upon vote being taken thereon, the motion carried unanimously.

12. **APPROVAL OF SALE OF 2024A COP BONDS FOR MOMENTUM AVIATION CONSTRUCTION**

Mr. Bourgeois presented this item to the Board. He noted that at the School Board Meeting of October 5, 2023, the School Board had authorized the sale of the \$1,765,000 Par Value 2024A Certificates of Participation Bonds to fund the design, planning and construction of the second floor space in the VANTAGE MOMENTUM Building to house the MOMENTUM Aviation program, which is scheduled to start instruction in September 2024. The estimated interest rate of the bonds at that time was 6.50%.

The 2024A Certificates of Participation Bonds were sold on Tuesday, November 28, 2023 at a Total Interest Cost of 5.06%. The resolution was prepared by the District's bond counsel Dorsey & Whitney.

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

13. **CONSENT AGENDA**

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

- Minutes of November 2 regular meeting and closed session; and November 16 special meeting
- Study Session Summary of November 16
- Payment of Bills
- Recommended Personnel Items
- Gifts and Donations for November 2023: \$250.00 from the Minnetonka Skippers Booster Club for each of the following clubs: Climbing Club, Debate Club, Mock Trial Club, Speech Club, Model UN Club, Dungeons & Dragons Club, Youth in Government Club, and Girls Golf Club. \$440.00 from the Blackbaud Giving Fund to be placed in the MHS Principal Discretionary Fund. \$14.00 from the Blackbaud Giving Fund to be placed in the MMW Principal Discretionary Fund. \$160.92 from the Blackbaud Giving Fund to be placed in the MME Principal Discretionary Fund. \$1,000.00 from the Kopp Family Foundation to be placed in the Excelsior

Elementary Random Acts of Kindness Fund. \$2,000.00 from the Kopp Family Foundation to be placed in the MCEC Random Acts of Kindness Fund. \$730.00 from the Clear Springs Elementary PTO to be placed in the Clear Springs Elementary Principal Discretionary Fund. \$500.00 from Lund Food Holdings, Inc. to be placed in the MHS Baseball Program Fund. \$41.13 from Kurt Hoddinot and \$33.98 from Anonymous; both to be placed in the Scenic Heights Elementary School Principal Discretionary Fund. \$105.00 from Jessica Cossalter to be placed in the Minnewashta Elementary School Principal Discretionary Fund. \$2,500.00 from Mitchell & Kendall Stover and \$2,000.00 from TEL Tokyo Electron Limited; both to be placed in the MHS Robotics Team Fund. \$50.00 from Dale Nelson and \$75.00 from Elizabeth Simpson; both to be placed in the Minnetonka Community Education General Fund. \$250.00 from Promotion Select, Inc. to be placed in the MHS Theatre Department Fund. \$4.05 from the Excelsior Elementary Social Committee to be placed in the Excelsior Elementary School Principal Discretionary Fund. Chinese inspired character prints, plant and abacus light from Mark Macres to be placed in the Scenic Heights Elementary Chinese Immersion Program. Total Gifts and Donations thus far for 2023-24: \$313,395.84.

- Electronic Fund Transfers
- Resolution Authorizing Issuance of Certificates of Election
- Designated Combined Polling Places

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

14. **BOARD REPORTS**

Board member Vitale noted that the Foundation's annual fundraising event, Dream Makers 2024, will take place on Saturday, February 3 at Equestria West at Bavaria Downs in Victoria. There will be great food, fun games, live and silent auctions, and a live concert by the band Jacuzzi Puma.

Board member Lee-O'Halloran spoke about attending the recent MSBA Delegate Assembly and discussing legislative agendas of various districts.

15. **SUPERINTENDENT'S REPORT**

Superintendent Law thanked retiring Board members Mark Ambrosen, Katie Becker and Lisa Wagner for their incredible dedication and service to the community in serving on the Board. He noted that Chairperson Wagner had served for 16 years, and Board members Ambrosen and Becker had served for eight years. New Board members Sally Browne, Kemerie Foss and Dan Olson will be sworn in at the Board's annual organizational meeting on January 4, 2024.

16. **ANNOUNCEMENTS**

Board member Becker said that the Tonka Pride Committee is hosting its winter apparel sale this weekend from 3:00-7:00 p.m. on Friday, December 8 and 8:00 a.m. – 1:00 p.m. on Saturday, December 9 at the District Service Center in the community room. There are shirts, sweatshirts, hats, mugs, cups and lots of other merchandise for sale, with proceeds supporting preschool, elementary schools and middle schools' PTAs and PTOs in our District. She also shared that the MHS Booster Store has extended its hours for the month. They are open Thursday evenings from 5:00 – 7:00 p.m., Saturdays from 9:00 a.m. – 1:00 p.m. and they are also open 11:00 a.m. – 2:00 p.m. at MHS each school day.

Board member Lee-O'Halloran spoke about the CASE (Community Action for Student Education) Committee and how to get involved to advocate for school funding. He said people can reach out to him directly or the District's Communications Department to express their interest in getting involved with CASE.

17. **ADJOURNMENT**

Becker moved, Selinger seconded, adjournment to closed session at 9:40 p.m. Upon vote being taken thereon, the motion carried unanimously.



Katie Becker, Clerk