MINNETONKA SCHOOL BOARD
STUDY SESSION
District Service Center
August 20, 2026
6:00 p.m.

AGENDA

6:00 1. Discussion on Financial Support for National Trips

6:20 2. Review of Policies
   a. 735: Investment of Perpetual Endowment Trust Fund Corpus
   b. 736: Gifts and Donations for Perpetual Endowment Trust Fund
   c. 737: Use of Investment Earnings from Perpetual Endowment Trust Fund

6:35 3. Update on Building Bond Construction Progress

7:05 4. Update on OPEB Trust Fund

CITIZEN INPUT

6:00 p.m. Citizen Input is an opportunity for the public to address the School Board on any topic in accordance with the guidelines printed below.

GUIDELINES FOR *CITIZEN INPUT*

Welcome to the Minnetonka School Board's Study Session! In the interest of open communications, the Minnetonka School District wishes to provide an opportunity for the public to address the School Board. That opportunity is provided at every Study Session during *Citizen Input.*

1. Anyone indicating a desire to speak to any item about educational services—except for information that personally identifies or violates the privacy rights of an individual—during *Citizen Input* will be acknowledged by the Board Chair. When called upon to speak, please state your name, connection to the district, and topic. All remarks shall be addressed to the Board as a whole, not to any specific member(s) or to any person who is not a member of the Board.
2. If there are a number of individuals present to speak on the same topic, please designate a spokesperson who can summarize the issue.
3. Please limit your comments to three minutes. Longer time may be granted at the discretion of the Board Chair. If you have written comments, the Board would like to have a copy, which will help them better understand, investigate and respond to your concern.
4. During *Citizen Input* the Board and administration listen to comments. Board members or the Superintendent may ask clarifying questions of you in order to gain a thorough understanding of your concern, suggestion or request. If there is any response or follow-up to your comment or suggestion, you will be contacted via email or phone by a member of the Board or administration in a timely manner.
5. Please be aware that disrespectful comments or comments of a personal nature, directed at an individual either by name or inference, will not be allowed. Personnel concerns should be directed first to a principal or executive director of the department, then to the Executive Director of Human Resources, then to the Superintendent and finally in writing to the Board.

DISCUSSION

SCHOOL BOARD
Minnetonka I.S.D. #276
5621 County Road 101
Minnetonka, Minnesota

Study Session Agenda Item #1

Title: Discussion on Financial Support for National Trips **August 20, 2026**

EXECUTIVE SUMMARY:

To continue substantially funding all clubs and activities at the local participation level, it has become necessary to limit district contributions for national travel and lodging. Over the past year, district support for national student competition trips expanded to 12 teams and groups, covering 159 students at a total cost of $64,000 under a standardized funding practice. Under this model, the Activities Office fully covers substitute teachers and event entry fees, while providing a per-student stipend of $300 to $400 for travel and hotel expenses—a level of support unique among Lake Conference schools, as no others provide funding for national trips. However, because individual activity budgets lack sufficient built-in funds for these major trips, many are currently operating with negative balances.

To address this unsustainable financial deficit while maintaining student opportunities, the administration recommends reducing the per-student travel and lodging stipend to a flat $200 per student (lowering the estimated annual district cost to approximately $31,800). If district budgets continue to decline, consideration will be given to eventually transitioning to a model where national travel and lodging are fully funded through club fundraising.

Submitted by: _____
David Law, Superintendent

REVIEW

School Board
Minnetonka I.S.D. # 276
5621 County Road 101
Minnetonka, Minnesota

Study Session Agenda Item #2

Title: Review of Policies **DATE: August 20, 2026**

OVERVIEW:

As part of the District's ongoing policy review, Administration is recommending three new policies:

- 735: Investment of Perpetual Endowment Trust Fund Corpus
- 736: Gifts and Donations for Perpetual Endowment Trust Fund
- 737: Use of Investment Earnings from Perpetual Endowment Trust Fund

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RECOMMENDATION:

That the School Board approves the recommended policies at the Regular Board meeting on September 10, 2026.

Submitted by: Paul Bourgeois

Paul Bourgeois, Executive Director of Finance and Operations

Concurrence:

David Law, Superintendent

MINNETONKA PUBLIC SCHOOLS

POLICY #735: INVESTMENT OF PERPETUAL ENDOWMENT TRUST FUND CORPUS

I. PURPOSE

The purpose of this policy is to establish guidelines for the investment of the Perpetual Endowment Trust Fund Corpus that is being held into perpetuity for the purpose of earning investment income which can be used to maintain programs of significance for all students.

II. GENERAL STATEMENT OF POLICY

The School Board believes that an effective investment program is important to the financial stability of the District, and to maintain program offerings to students for the long-term. Effective investment of the Perpetual Endowment Trust Fund Corpus will ultimately help to maintain and enhance opportunities for students.

It is the policy of the School Board that the Perpetual Endowment Trust Fund Corpus be managed in a manner designed to attain a market rate of return throughout budgetary and economic cycles while preserving and protecting the Corpus of The Trust Fund. Investments shall be made based on statutory constraints outlined in Minnesota Statutes 118A.04. The Board's primary investment criteria are listed in priority sequence.

- Safety
- Yield

III. REQUIREMENT

A. Scope of Policy: This policy covers the Corpus of the Perpetual Endowment Trust Fund.

B. Investment Officer: The Executive Director of Finance & Operations is designated as the Investment Officer of the School District and is responsible for investment decisions and activities. The Investment Officer shall be assisted by a three-member Perpetual Endowment Trust Fund Advisory Committee consisting of financial professionals with experience investing funds on behalf of others. The Perpetual Endowment Trust Fund Advisory Committee shall be assisted by a professional wealth management organization recommended to and approved by the School Board. The Prudent Investor Rule: Circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

C. Investments: The Perpetual Endowment Trust Fund investments will be limited to investments authorized under Minnesota Statutes 118A.04.

D. At any point in time when Minnesota Statutes may allow investments under MS 356A.06, Subdivision 7 for other post-employment benefit trust funds to be used for a perpetual endowment trust fund, the Perpetual Endowment Trust Fund may utilize those additional investment options.

E. Diversification: To the extent possible, the Perpetual Endowment Trust Fund investments will be diversified in order to limit its risks.

F. Prudent Investments: The standard of prudence to be applied by the Investment Officer shall be the "prudent investor" defined above.

G. Limited Liability of Investment Officer: The District Investment Officer will not be held specifically responsible for a specific security credit risk or market price changes.

H. Reports: The District Investment Officer will generate a bi-annual report to the Board on the progress of the investment earnings and growth in the corpus of the Perpetual Endowment Trust Fund.

Legal References: Minn. Stat. § 118A.04 (Investments)
Minn. Stat. § 501C

Reviewed: August 20, 2026
Approved:

MINNETONKA PUBLIC SCHOOLS

#736 GIFTS AND DONATIONS FOR PERPETUAL ENDOWMENT TRUST FUND

I. PURPOSE

The purpose of this policy is to provide guidelines for the acceptance of gifts by the School Board for the Perpetual Endowment Trust Fund and the management of non-cash gifts including but not limited to stock, vehicles and real estate.

II. GENERAL STATEMENT OF POLICY

The Board of Education of the Minnetonka Public Schools encourages the use of Gifts and Donations to enhance quality education to both students and residents. Participation by the community through gifts and donations better enables the district to share with its customers its vision, mission, and beliefs.

III. REQUIREMENT

A. Gifts and donations to the District Perpetual Endowment Trust Fund include monetary or in-kind contributions given to the District by groups, organizations, businesses, or individuals for the purpose of enhancing either the district's educational programs and/or physical facilities.

B. The proposed use of the donation must be consistent with the mission of the Perpetual Endowment Trust Fund to build a corpus that will generate investment earnings to maintain School Board-designated Programs of Significance for perpetuity.

C. The School Board reserves the right to accept or decline any gift based upon legal, ethical, financial, operational, or educational considerations.

D. Contributions of assets other than cash, such as stock, vehicles, or real estate shall be immediately sold and the subsequent cash proceeds invested in the investment vehicles authorized in Minnesota Statutes 118A.04

IV. IMPLEMENTATION

To ensure maximum utilization of Gifts and Donations, potential donors are urged to consult with the superintendent or designee prior to making a contribution.

[Note: The provisions of this policy substantially reflect statutory requirements.]

Legal References: Minn. Stat. §123B.02, Subd. 6 (Bequests, Donations, Gifts)
Minn. Stat. § 465.03 (Gifts)

Minn. Stat. § 501C

Reviewed: ***August 20, 2026***
Approved:

MINNETONKA PUBLIC SCHOOLS

#737 USE OF INVESTMENT EARNINGS FROM PERPETUAL ENDOWMENT TRUST FUND

I. PURPOSE

The purpose of this policy is to provide guidelines for the calculation of distributions of investment earnings for transfer to the General Operating Fund to sustain Programs of Significance.

II. GENERAL STATEMENT OF POLICY

At the end of every Fiscal Year upon initial closure of the Fiscal Year accounting records, the investment earnings on the corpus of the Perpetual Endowment Trust will be calculated for the purpose of determining a distribution to the General Operating Fund to sustain Programs of Significance for the benefit of students.

III. REQUIREMENT

A. To ensure sustaining Programs of Significance into the future, it is necessary for the corpus of the Perpetual Endowment Trust Fund to continue to grow on an annual basis to keep pace with the natural inflationary growth of the cost of Programs of Significance. To ensure the corpus of the Perpetual Endowment Trust Fund, at no time will 100% of investment earnings be transferred to the General Operating Fund in any year.

B. The School Board will set the annual percentage of investment earnings to be distributed to the General Operating Fund to sustain Programs of Significance.

C. Distributions of investment earnings shall take place in any year in which the investment earnings are $250,000 or greater.

IV. IMPLEMENTATION

This policy will be implemented upon School Board approval and modified from time to time as determined prudent by the School Board.

Legal References: Minn. Stat. § 501C

Reviewed: ***August 20, 2026***
Approved:

INFORMATION

SCHOOL BOARD
Minnetonka I.S.D. 276
5621 County Road 101
Minnetonka, Minnesota

Study Session Agenda Item #3

Title: Update On Building Bond Construction Progress **August 20, 2026**

EXECUTIVE SUMMARY:

Upon approval of the $85 million Building Bond Referendum on November 4, 2025, the School District in cooperation with ATSR Architects has been busy working on turning conceptual plans for each building into actual plans for construction.

The District has been focusing on the two largest projects at the middle schools, which account for $51 million of the $85 million in proposed projects working through the design and labyrinthine permitting process.

The MMW project bids will be opened on August 20, 2026, at 2:00 PM.

The MME project bids will be opened on August 26, 2026, at 2:00 PM.

The low bids will be presented to the School Board for approval at the Regular School Board Meeting on September 10, 2026, and construction will commence in September 2026 at both sites, with completion by December 31, 2027.

Work is now commencing on the design and permitting process for the next phase of construction projects which are scheduled to be bid out over the fall of 2026 and into early 2027, with construction commencing in June 2027 after school is adjourned for the FY27 School Year.

The status of all projects will be reviewed with the School Board.

RECOMMENDATION/FUTURE DIRECTION:

The update on Building Bond Construction is being presented for the School Board's information.

Submitted by: Paul Bourgeois
Paul Bourgeois, Executive Director of Finance & Operations

Concurrence:
David Law, Superintendent

MINNETONKA
PUBLIC SCHOOLS

Building Bond Referendum Construction Progress Update

School Board Study Session

August 20, 2026

Facilities Task Force
Ranked Prioritization List Included In $85 Million Bond Referendum

- ***2.80 MME flex space auditorium***
- ***2.76 MME science classrooms***
- ***2.76 MMW flex space auditorium***
- ***2.72 MMW science labs***
- ***2.68 MME small flex spaces***
- ***2.64 MMW small group space***
- ***2.52 DPH gymnasium***
- ***2.48 GRV staff restrooms***
- ***2.48 MME gymnasium***
- ***2.48 MMW gymnasium***
- ***2.48 MHS remodel student services***
- ***2.44 DPH small group space***
- ***2.44 MWA small group spaces***
- ***2.44 MME staff restrooms***
- ***2.40 CSP small group space***
- ***2.40 EXC restrooms upper floors***
- ***2.40 SCH small group spaces***
- ***2.40 CSP staff restrooms***
- ***2.40 MWA staff restrooms***
- 2.40 MHS more Loft-style spaces
- ***2.40 MHS staff restrooms***
- ***2.36 GRV small group rooms***
- ***2.32 EXC small group spaces***
- ***2.32 SCH staff restrooms***
- ***2.28 GRV second music room***
- ***2.28 MWA media center***
- 2.28 MHS wrestling facilities
- 2.24 MHS gymnasium
- 2.20 ***DPH staff restrooms***
- 2.20 MHS relocate fitness center
- 2.04 MHS locker room remodel
- 2.00 EXC larger nurse space
- 2.00 MCE ECFE classrooms
- 1.96 CSP large educational space
- 1.92 EXC second music room
- 1.84 TSP additional Loft-style space
- 1.76 EXC lobby reconfiguration
- 1.72 MCE parking deck

MHS Cafeteria Expansion
EPIC Security System

MINNETONKA PUBLIC SCHOOLS

As we have worked to make the plans operational, we also have looked for opportunities to include other items on the list in some way if possible

Facilities Task Force
Ranked Prioritization List Included In $85 Million Bond Referendum

- ***2.80 MME flex space auditorium***
- ***2.76 MME science classrooms***
- ***2.76 MMW flex space auditorium***
- ***2.72 MMW science labs***
- ***2.68 MME small flex spaces***
- ***2.64 MMW small group space***
- ***2.52 DPH gymnasium***
- ***2.48 GRV staff restrooms***
- ***2.48 MME gymnasium***
- ***2.48 MMW gymnasium***
- ***2.48 MHS remodel student services***
- ***2.44 DPH small group space***
- ***2.44 MWA small group spaces***
- ***2.44 MME staff restrooms***
- ***2.40 CSP small group space***
- ***2.40 EXC restrooms upper floors***
- ***2.40 SCH small group spaces***
- ***2.40 CSP staff restrooms***
- ***2.40 MWA staff restrooms***
- ***2.40 MHS more Loft-style spaces (Aviation 1 to PHC 2025)***
- ***2.40 MHS staff restrooms***
- ***2.36 GRV small group rooms***
- ***2.32 EXC small group spaces***
- ***2.32 SCH staff restrooms***
- ***2.28 GRV second music room***
- ***2.28 MWA media center***
- 2.28 MHS wrestling facilities
- 2.24 MHS gymnasium
- ***2.20 DPH staff restrooms***
- ***2.20 MHS relocate fitness center (modified for Aviation 1 2025)***
- 2.04 MHS locker room remodel
- ***2.00 EXC larger nurse space***
- 2.00 MCE ECFE classrooms
- 1.96 CSP large educational space
- 1.92 EXC second music room
- 1.84 TSP additional Loft-style space
- ***1.76 EXC lobby reconfiguration***
- 1.72 MCE parking deck

MHS Cafeteria Expansion
EPIC Security System

Aviation 1 Moved To Subdivided Physical Health Center In Fall 2025



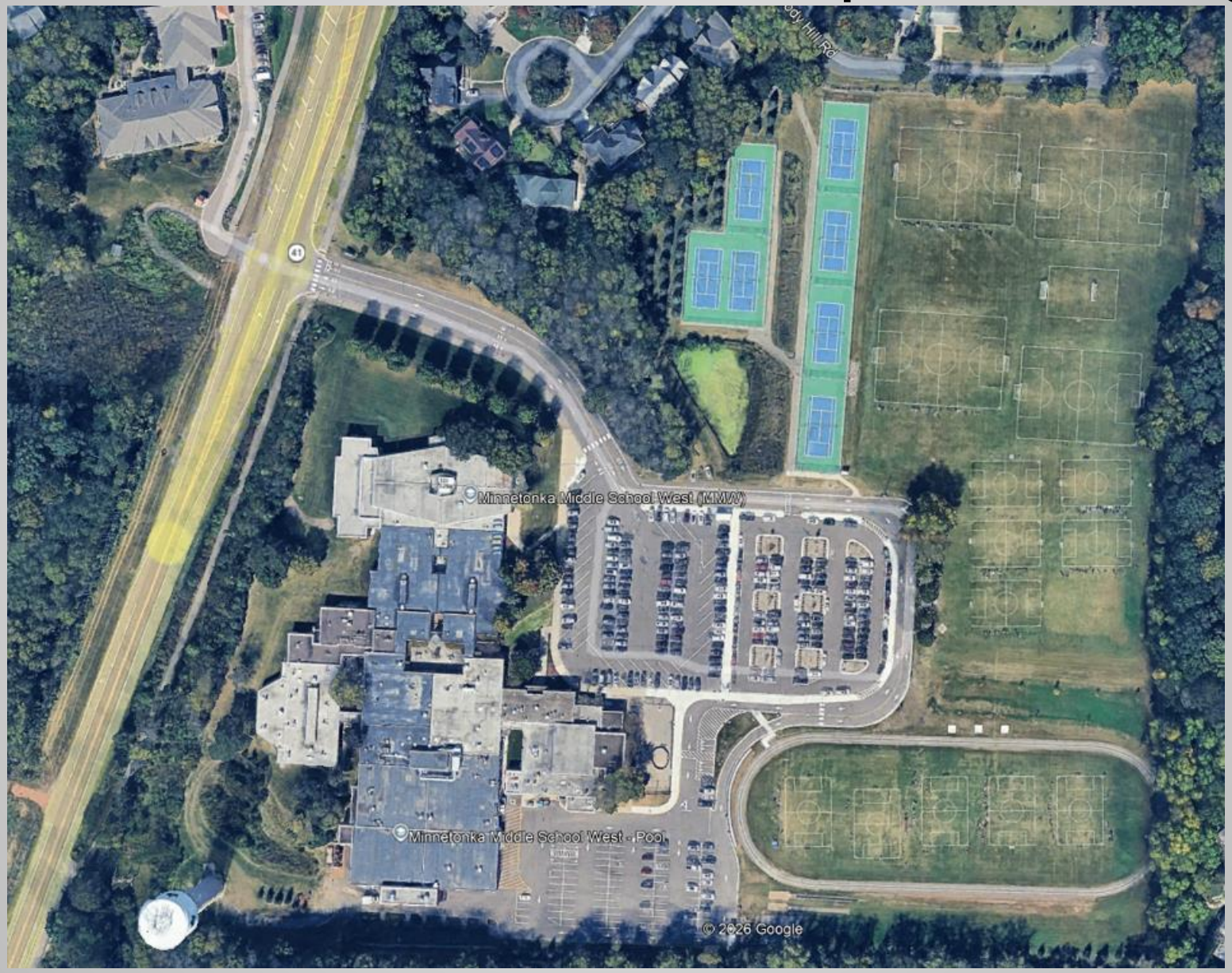






Middle Schools

Minnetonka Middle School - Unique Challenges



Minnetonka Middle School West – Phase I

- Site Preparation – June 2026 - November 2026
  - Relocate and rebuild physical education field main field and track
- Site Preparation – June 2026 – August 2026
  - Relocate student drop off and pick up driveway to east and south of gym construction site
  - Install stormwater retention pond for gym-performance venue and athletic fields
  - Install stormwater retention pond for science wing
  - Relocate electrical and natural gas lines to east and south of construction site
  - Prepare construction staging site

Minnetonka Middle School West – Phase I







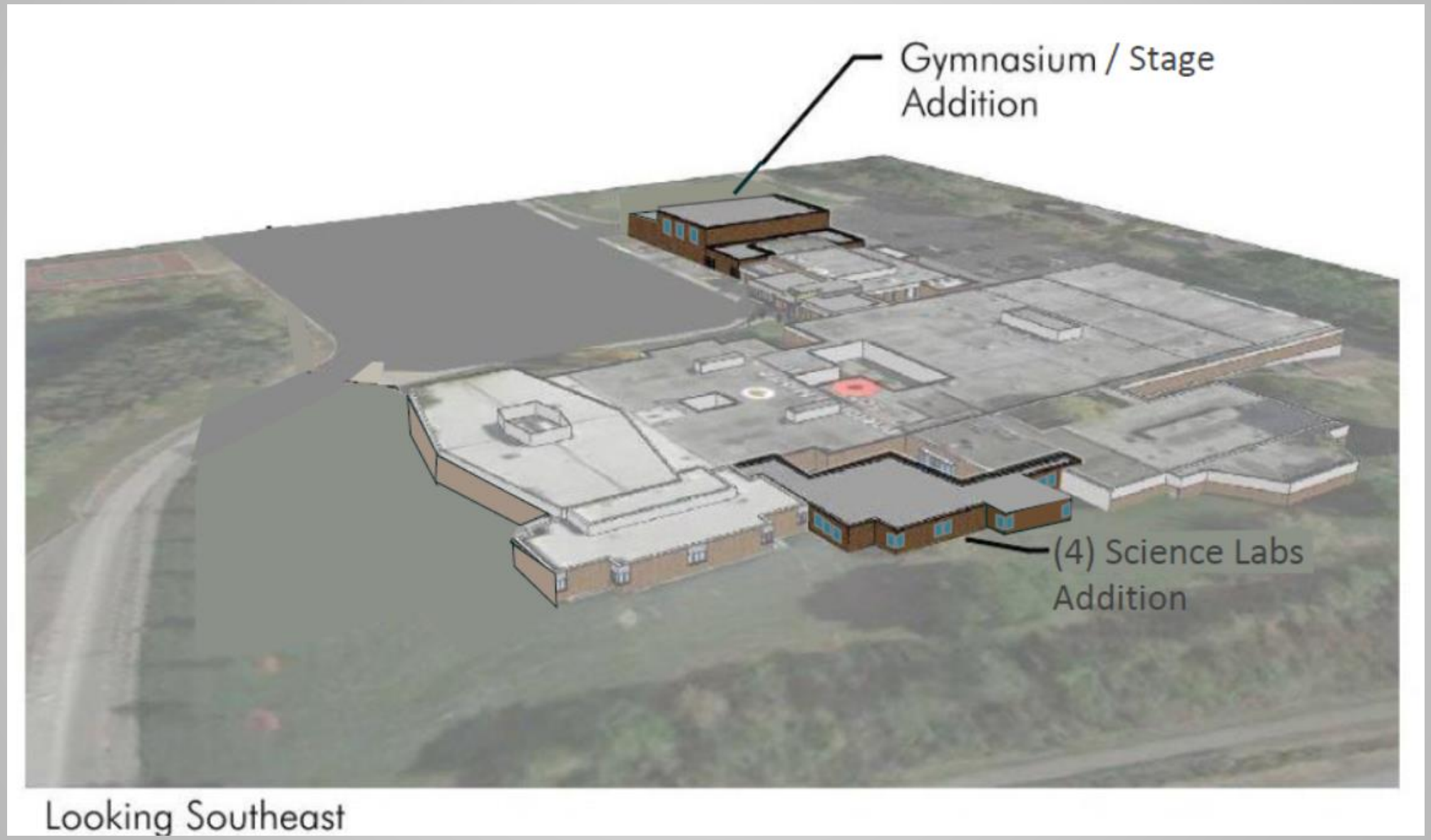
Minnetonka Middle School West – Phase I



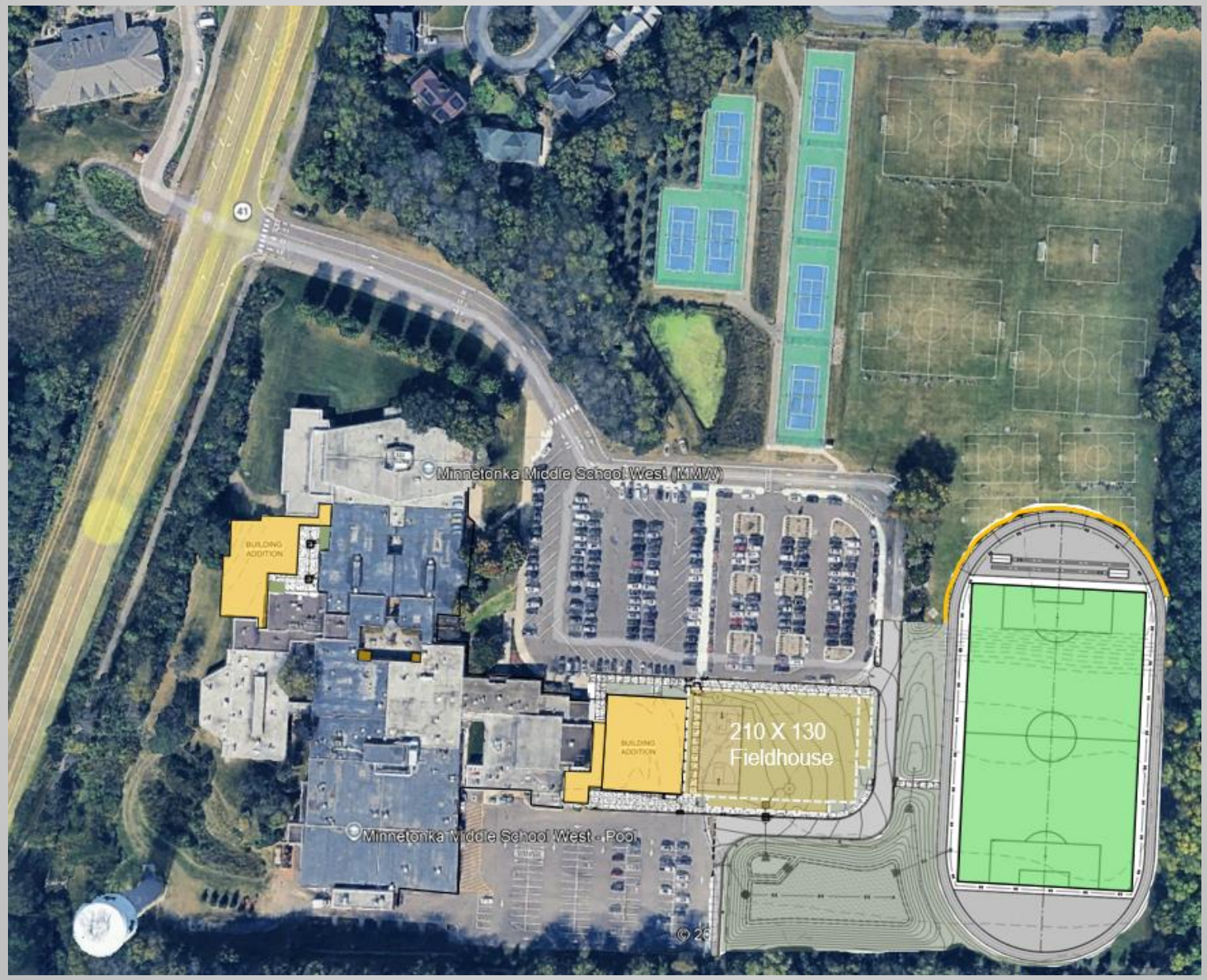
Minnetonka Middle School West – Phase II

- Bid opened at 2:00 PM August 20, 2026
- Mobilization and construction – September 2026-December 2027
  - Science classrooms and gym-performance venue
- Internal modifications – June 2027-August 2027
  - Staff restrooms, small group rooms, media center modifications
- Internal LTFM work – June 2027-August 2027
  - Replace 1964 steam piping and water piping to accommodate increased square footage
  - Replace 1964 head end electrical cabinet to accommodate increased square footage *(week of June 28-July 2, 2027)*
  - Replace cafeteria flooring
- LTFM work – June 2028-August 2028
  - Replace 1964 exterior stucco band and exterior windows
  - Replace 1964 wood shop HVAC system
  - Replace section of roof per schedule

Minnetonka Middle School West – Phase II



Minnetonka Middle School West – Space For Future



Minnetonka Middle School East – Phase I

- Site Preparation – June 2026 – August 2026
  - Replace and relocate main sanitary pipeline from building to Met Council sanitary main
  - Remove 1964 main sanitary pipeline
  - Reconfigure student drop off and pick up circulation
  - Reconfigure parking lots to support new circulation pattern
  - Restripe parking lots to support new circulation pattern

Minnetonka Middle School East – Phase I





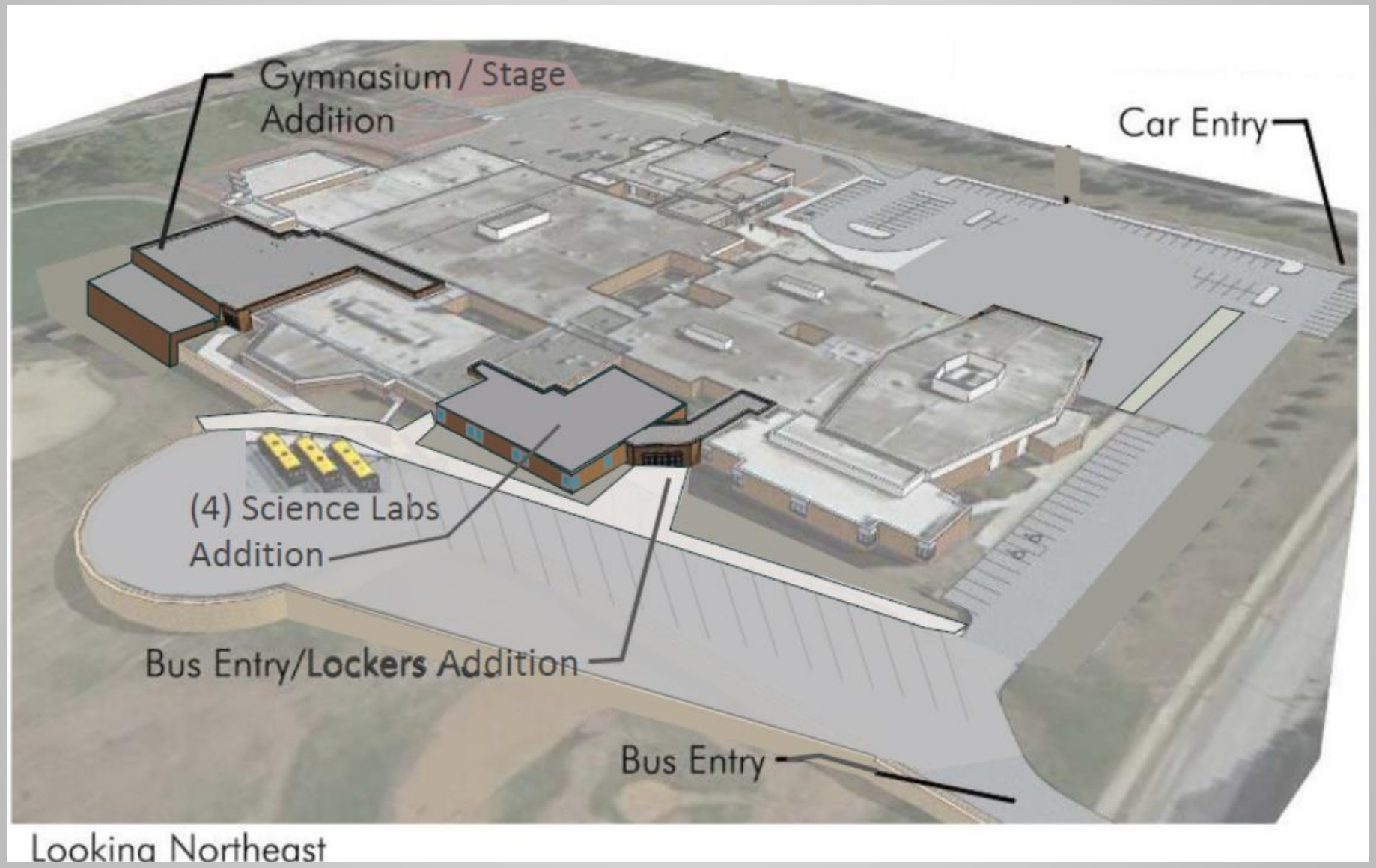




Minnetonka Middle School East – Phase II

- Bid opened at 2:00 PM August 25, 2026
- Mobilization and construction – September 2026-December 2027
  - Science classrooms and gym-performance venue
- Internal modifications – June 2027-August 2027
  - Staff restrooms, small group rooms, media center modifications
- Internal LTFM work – June 2027-August 2027
  - Replace 1964 steam piping and water piping to accommodate increased square footage
  - Replace 1964 head end electrical cabinet to accommodate increased square footage *(week of June 28-July 2, 2027)*
  - Replace cafeteria flooring
- LTFM work – June 2028-August 2028
  - Replace 1964 exterior stucco band and exterior windows
  - Replace 1964 wood shop HVAC system
  - Replace section of roof per schedule

Minnetonka Middle School East – Phase II



High School

Minnetonka High School

- Counseling Office Area
  - Reconfigure Counseling area to provide better space and more office areas for all forms of counseling
  - Will more than double the size of the space utilized for Counseling from approximately 3,000 sf to approximately 6,200 sf
  - Phasing will allows counseling to continue uninterrupted to better serve students
  - Phase I will modify areas outside of the current Counseling area that are being added to the Counseling area
  - June 2027 – November 2027
  - Phase II will modify the current Counseling area
  - June 2028 – November 2028

Minnetonka High School

- Cafeteria Addition and Staff Restrooms
  - Approximately 3,000 sf addition to the cafeteria to provide additional space
  - Needed to accommodate the change from 6 lunch periods to three lunch periods
  - June 2027 - December 2027
- East Parking Lot Addition
  - Approximately 110 parking spaces added to the East Parking Lot – ~10% increase in available parking on the MHS Campus
  - June 2027 – November 2027

Minnetonka High School





Minnetonka High School

- LTFM Work Summer 2027
  - Replace roofing on east side of the building
  - Replace JV Baseball Field FieldTurf infield
  - Needed to accommodate the change from 6 lunch periods to three lunch periods
  - June 2027 – August 2027
- LTFM Work Summer 2028
  - Replace exterior windows – 1952 section
  - Replace Upper Field FieldTurf
  - June 2028 – August 2028

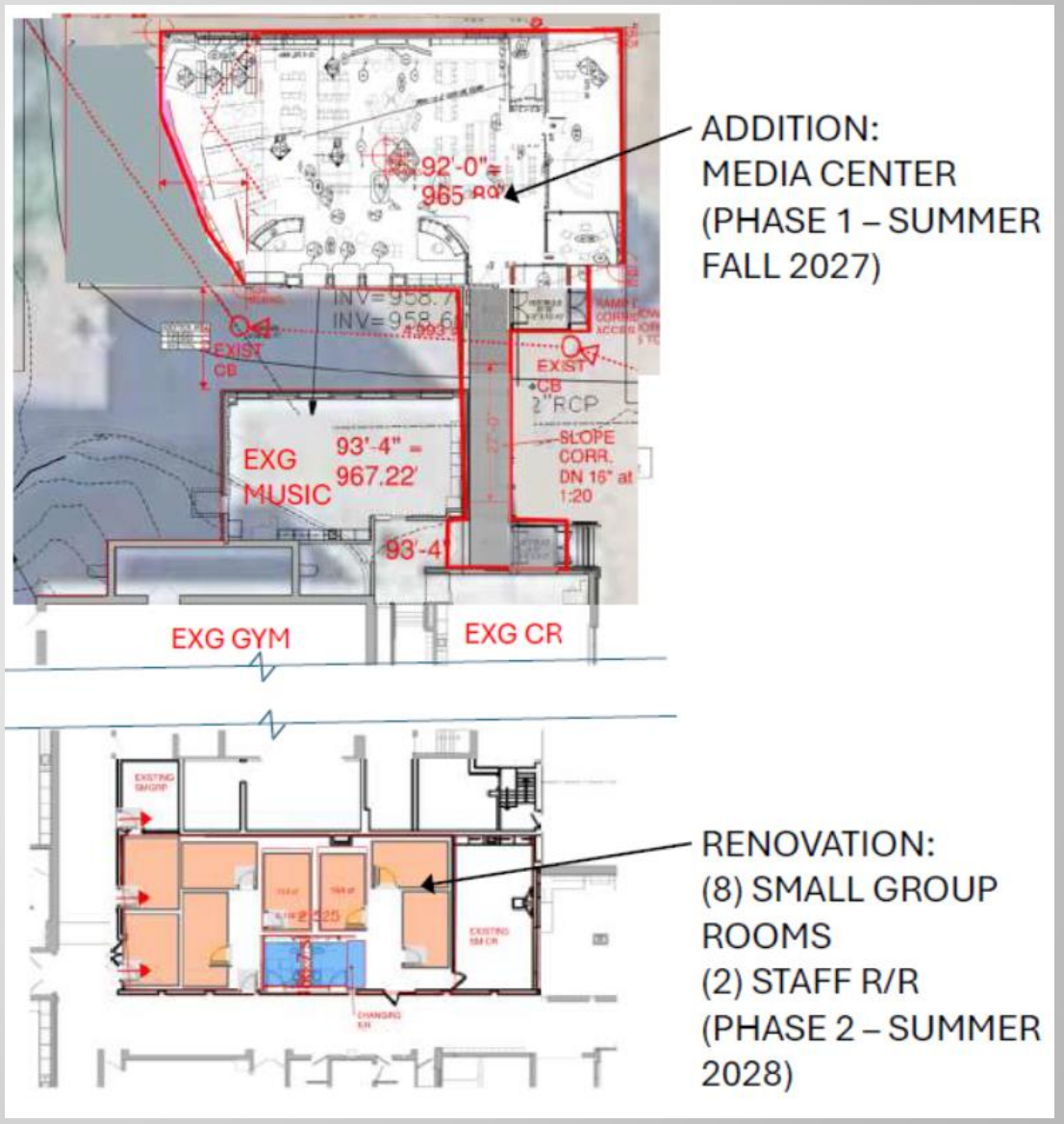
Elementary Schools

Minnewashta Elementary School

- Media Center Addition – Phase I
- Mobilization and construction - June 2027 - December 2027
- LTFM work – June 2027 - August 2027
  - Replace windows – north wing
  - Pavement mill and overlay – West Parking Lot
  - Replace cafeteria flooring
- Small Group Rooms and Staff Restrooms – Phase II
- June 2028 - August 2028
  - Reconfigure figure former media center into small group rooms and staff restrooms

Minnewashta Elementary School





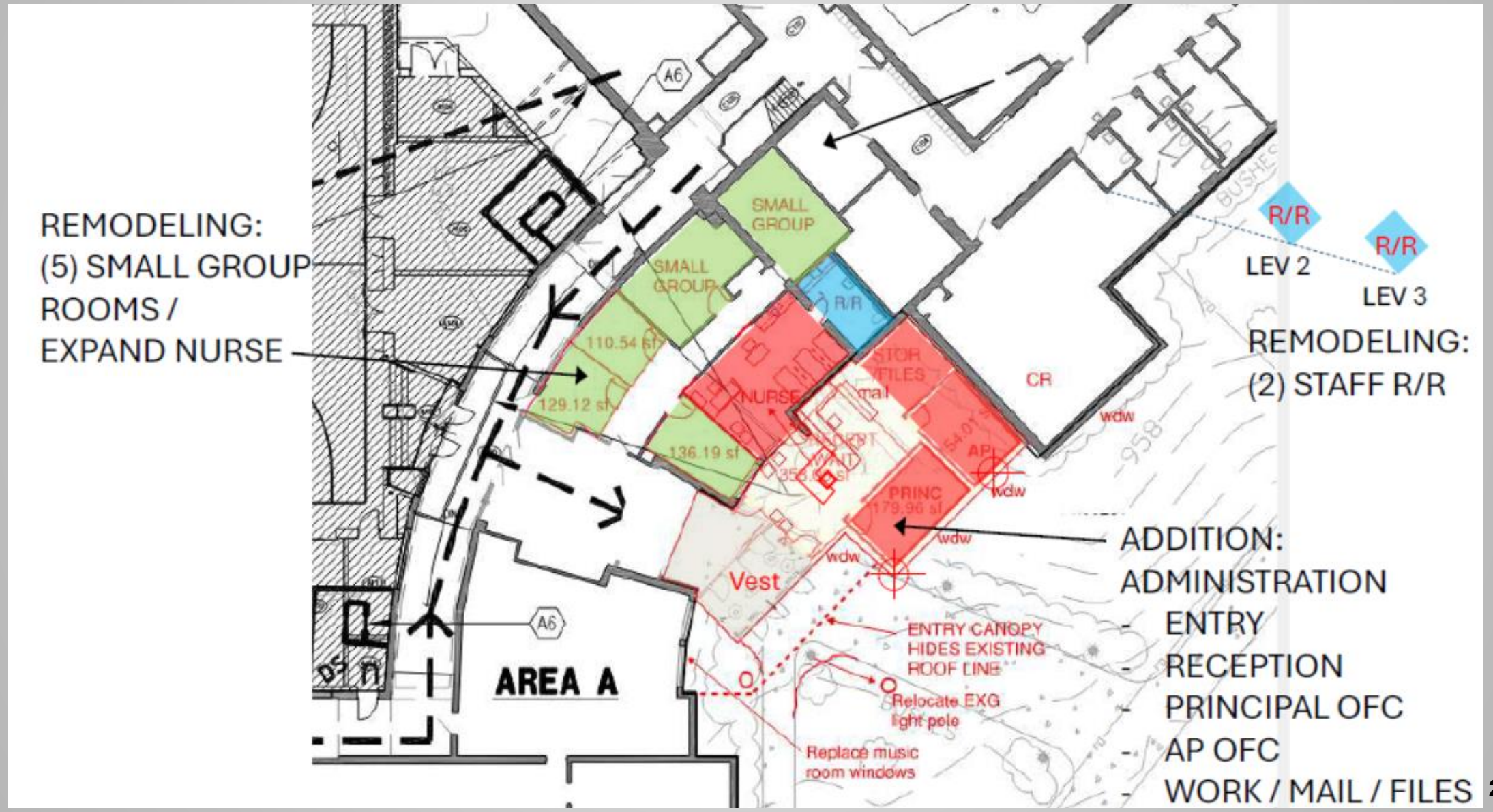
Excelsior Elementary School

- Front Office Addition, Convert Office to Small Group, Staff Restrooms
  - This option preserves the limited playground space for students
- Mobilization and construction - June 2027 - December 2027
- Staff Restrooms construction – June 2027 – August 2027
- LTFM work – June 2027 - August 2027
  - Replace cabinets and flooring 13 rooms 1929 building
  - Replace former cafeteria flooring over 4th of July week with no-wax “court-look” floor
- 1958 building and cafenasium stays open in summer for Explorers
- LTFM work June 2028 - August 2028
  - Replace cabinets and flooring 10 rooms on 2nd and 3rd floors 1920 building
  - Replace courtyard and north face windows

Excelsior Elementary School



Excelsior Elementary School



Excelsior Elementary School - 2026



Excelsior Elementary School - 2027



Groveland Elementary School

- Music Room, Small Group, Staff Restrooms and Circulation Addition
- Mobilization and construction - June 2027 - December 2027
- Staff Restrooms construction – June 2027 – August 2027
- Underground stormwater pond under bus corral – June 2027 – August 2027
- LTFM work – June 2027 - August 2027
  - Replace windows on the south side – front – of the building
  - Replace former cafeteria floor with no-wax “court-look” floor, kitchen terrazzo, 2nd combi
  - Mill and overlay north parking lot and driveway
- Because of heavy construction, building closed for summer 2027
- Groveland Explorers go to Deephaven Elementary for summer 2027
- Groveland Explorers back at Groveland for summer 2028
- LTFM work June 2028 - August 2028
  - Mill and overlay bus corral and near-north parking lot after construction

Groveland Elementary School



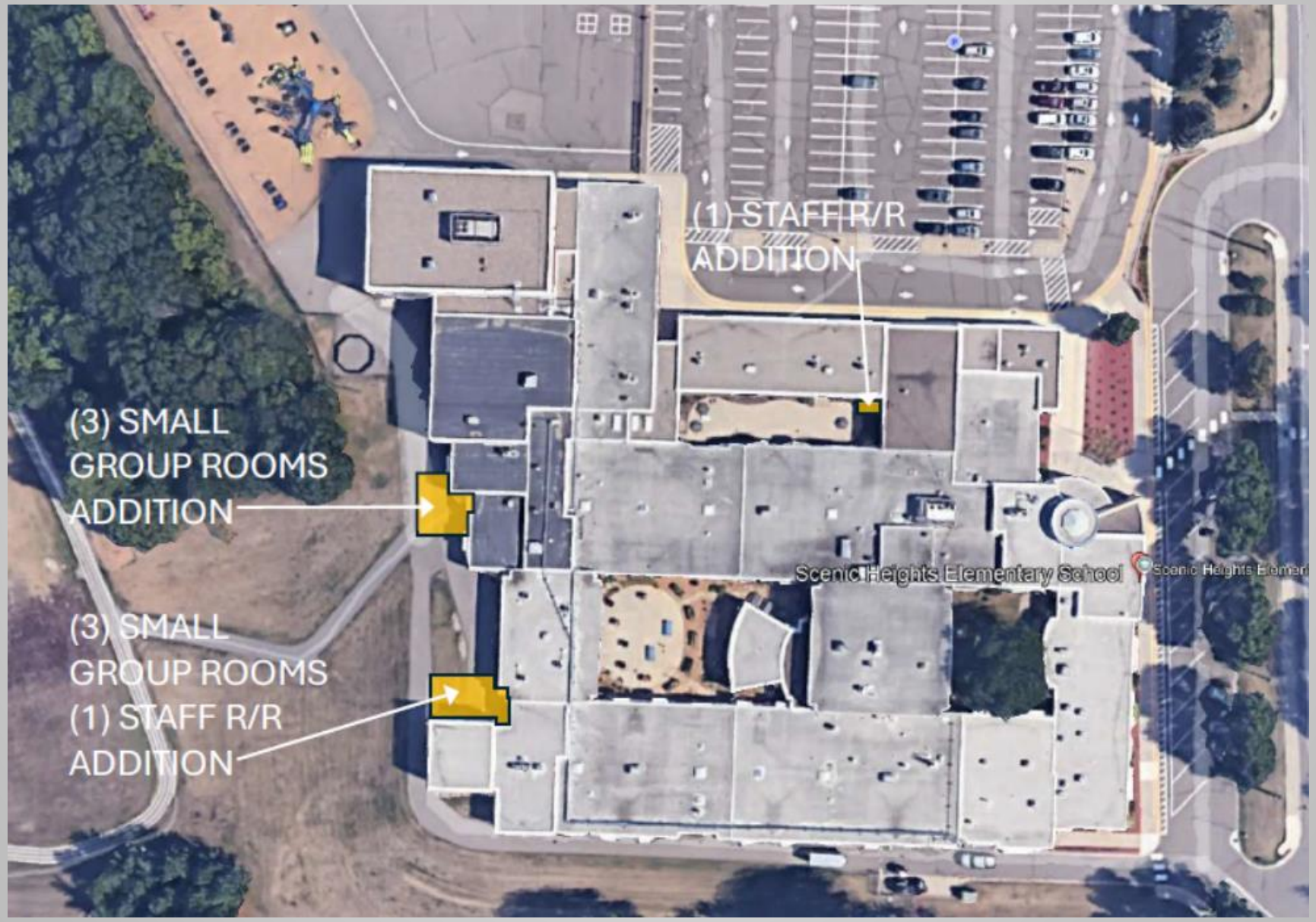
Groveland Elementary School



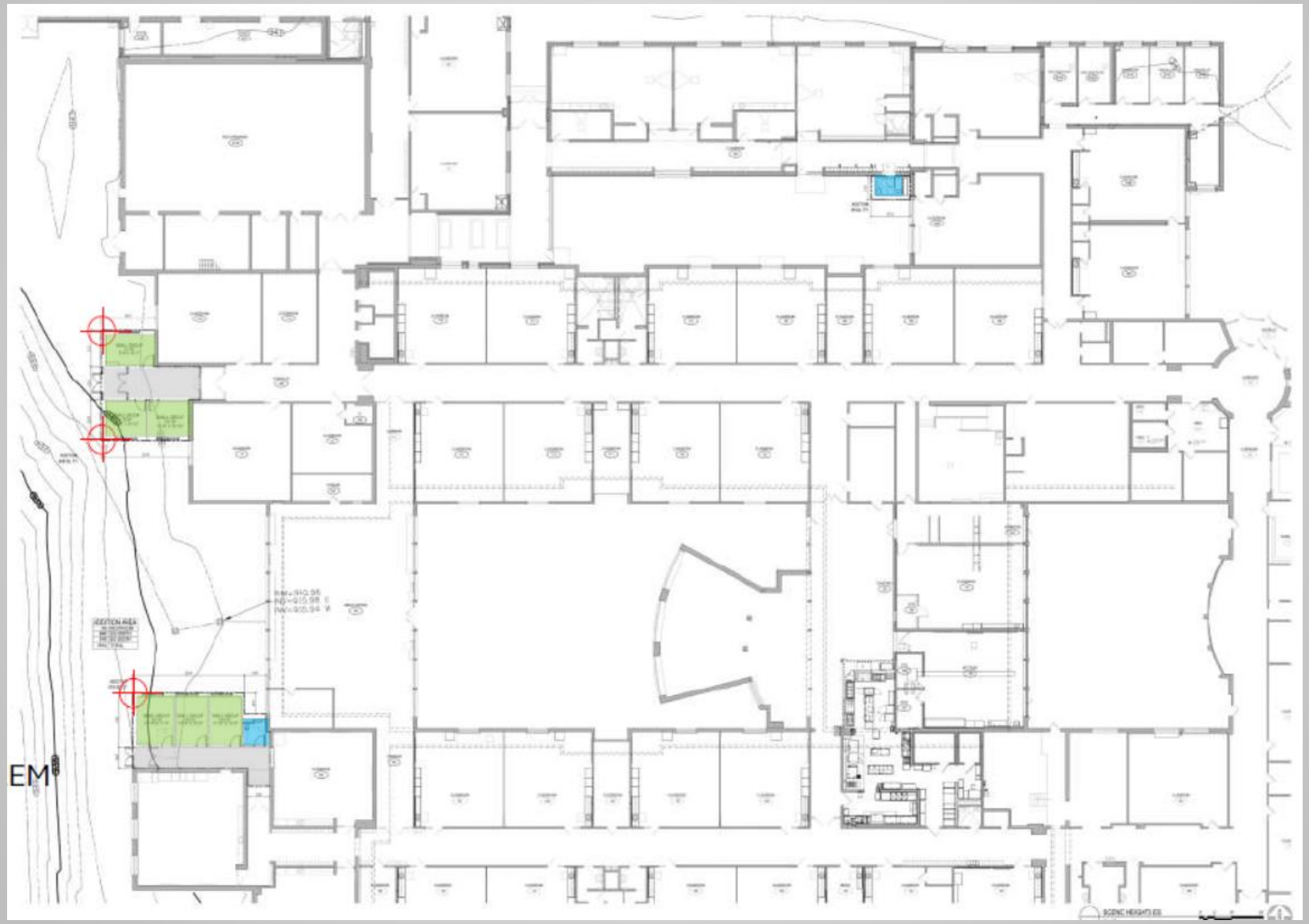
Scenic Heights Elementary School

- Small Group and Staff Restrooms
- Mobilization and construction - June 2027 - December 2027
- Staff Restrooms construction – June 2027 – August 2027
- Second Driveway – City of MTKA Requested - June 2027 – August 2027
- LTFM work – June 2027 - August 2027
  - Replace windows on the east – front - and south wing of the building
  - Replace cafeteria floor and kitchen floor with terrazzo and reconfigure for 2nd combi oven
  - Roofing entire center wing of the building
  - No wax flooring 10 classrooms & cabinets 8 classrooms
- Because of heavy construction, building closed for summer 2027
- Scenic Height Explorers go to Clear Springs Elementary for summer 2027
- Scenic Heights Explorers back at Scenic Heights for summer 2028
- LTFM work June 2028 - August 2028
  - Window replacement center wing

Scenic Heights Elementary School



Scenic Heights Elementary School



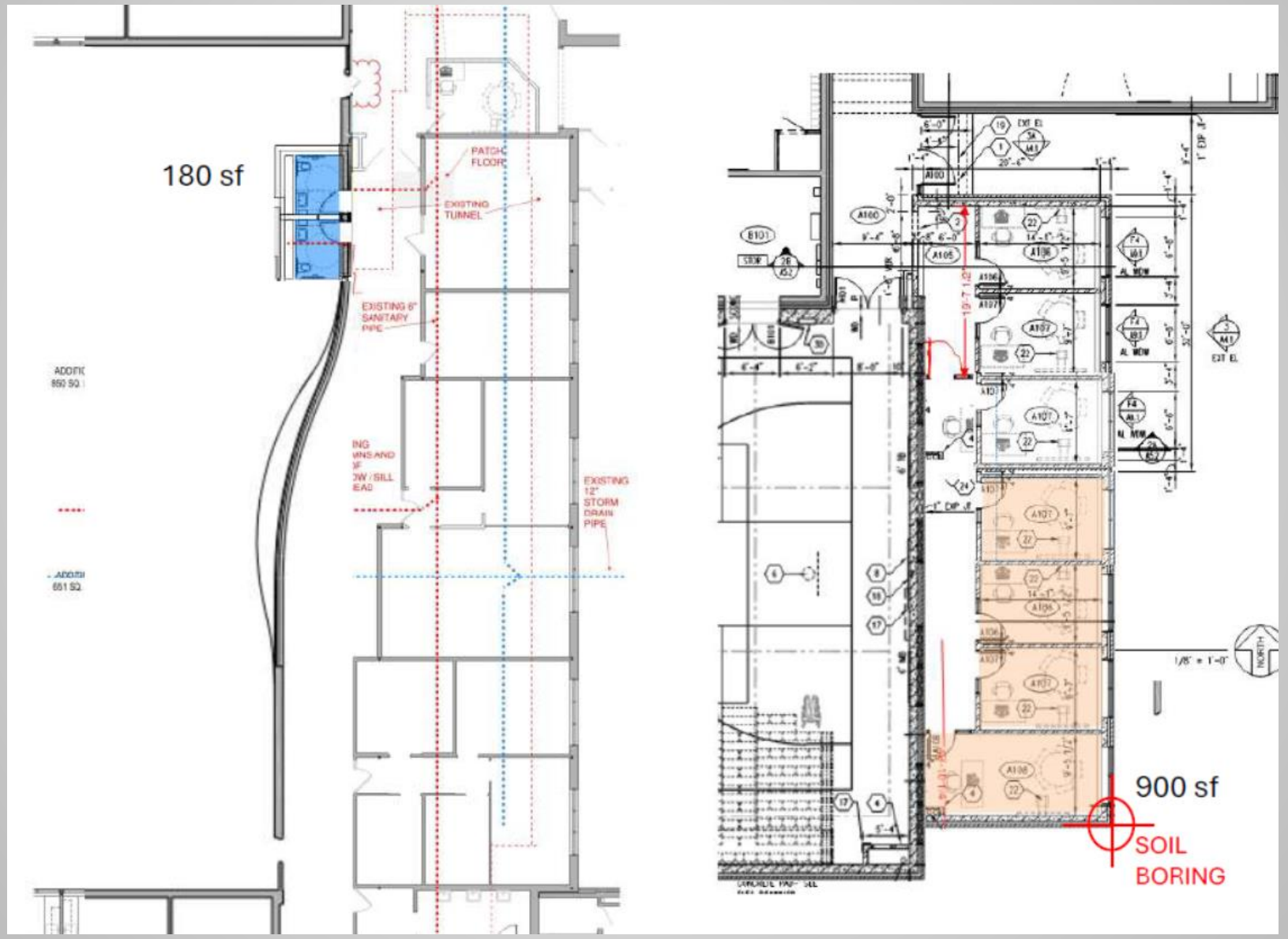
Clear Springs Elementary School

- Clear Springs is needed for SCH Explorers and programs for one summer
- Has numerous upgrades because it has not been an Explorers school
- Small Group and Staff Restrooms
- Mobilization and construction - June 2028 - December 2028
- Staff Restrooms construction – June 2028 – August 2028
- Must stage off the playground so would not be a safe condition in 2027
- LTFM work – June 2028 - August 2028
  - Replace windows on west side of the courtyard – last ones
  - Replace kitchen floor with terrazzo and reconfigure for 2nd combi oven
- Scenic Heights Explorers back at Scenic Heights for summer 2028

Clear Springs Elementary School



Clear Springs Elementary School



Clear Springs Elementary School



Deephaven Elementary School

- Deephaven is needed for GRV Explorers and programs for one summer
- Has numerous upgrades because it has not been an Explorers school
- Gymnasium, Small Group and Staff Restrooms
- Mobilization and construction - June 2028 - December 2028
- Staff Restrooms construction – June 2028 – August 2028
- LTFM work – June 2028 - August 2028
  - Replace windows on three rooms on east side of the courtyard – last ones
- Groveland Explorers back at Groveland for summer 2028
- Difficult terrain as most of remaining site is wetland
- Anticipate City of Deephaven to again request “second driveway” as part of project – just a strong hunch
- Still studying options to see if the gym can be constructed adjacent to the west gym with small group construction on the south end
- Looking for more cost-effective construction and not spending $1.5 million relocating the playground – program-wise the gymnasium on the west end is also a better outcome

Deephaven Elementary School – 1964



Deephaven Elementary School – 1989



Deephaven Elementary School – 2002



Deephaven Elementary School – 2023



Deephaven Elementary School



Construction Environment

- Construction inflation is up significantly since the School Board called the Building Bond Referendum election in June 2025
- The Builders Cost Index is up13.5% from June 2025 to June 2026
- Working hard to deliver what was promised and stay within the $85 million bond resources – need to stretch our pennies
- 2026A Bonds were issued with $2.41 million in premium due to demand for our Aaa bonds
- Investing funds - $1.85 million in investment earnings so far on 2026A bond proceeds locked in with potential for more
- Investing funds – 2026D bond proceeds will be invested right at closing
- Hedge against increasing prices or unknowns related to soil conditions that don’t show up in all the soil testing being done
- But if we can stay within the $85 million bond total, the School Board will have options to consider in January 2029 when all construction has been completed
- Too early to tell

Thank You

INFORMATION

SCHOOL BOARD
Minnetonka I.S.D. 276
5621 County Road 101
Minnetonka, Minnesota

Study Session Agenda Item #4

Title: OPEB Trust Fund History **Date: August 20, 2026**

EXECUTIVE SUMMARY:

At the School Board Meeting of August 7, 2008, the School Board established the Minnetonka Independent School District 276 Other Post-Employment Benefits (OPEB) Revocable Trust to provide assets for the payment of lifelong post-employment benefits for health insurance owed to employees who had been working under contracts with those provisions prior to July 1, 2002.

The School Board specifically chose to establish a revocable trust, as the statutes authorizing such trusts allowed for the trusts to be either irrevocable or revocable. Under the statutes governing the revocable trust option, there is a provision that allows for any excess assets over the actuarial accrued liability to be withdrawn by the School Board and used for any District purpose.

In the ensuing approximately 13 years, OPEB Trust assets grew from their original amount of $17,742,555 in August 2008 to $28,051,349 as of June 20, 2021, while the OPEB Liability decreased from $17,742,555 in August 2008 to $10,985,427 as of June 30, 2021.

During Fiscal Year 2022, the School Board decided to withdraw $9,850,000 of OPEB Trust Excess Assets so that they could be invested in the construction of the VANTAGE MOMENTUM Building, which will be a 100-year asset for the District.

Since that time, the OPEB Trust has continued to accrue enough investment earnings every year to cover the cost of annual OPEB benefits. This is of immense value to the District, because absent the OPEB Trust, the District's General Operating Fund Unappropriated Balance would be significantly lower that it is today.

From FY2008 through FY2026, $12,326,977 has been disbursed from the OPEB Trust to the General Operating Fund to pay for retiree benefit expenditures. If the OPEB Trust had not been available, the General Operating Fund would be at just $9,588,856, rather than the pre-audit estimated $21,915,833 on June 30, 2026.

It is appropriate to look at where the OPEB Trust Fund sits as of June 30, 2026.

RECOMMENDATION/FUTURE DIRECTION:

The OPEB Trust Update is being presented for the School Board's information and potential use in decisions.

Submitted by: _____
Paul Bourgeois, Executive Director of Finance & Operations

Concurrence: _____
David Law, Superintendent

MINNETONKA
PUBLIC SCHOOLS

Other Post Employment Benefits Revocable Trust History Through FY26

August 20, 2026

OPEB Revocable Trust History And Purpose (1)

- 2008 Legislature passed Minnesota Statutes 471.6175 allowing public entities to fund a trust for Other Post Employment Benefits (OPEB)
  - OPEB liabilities were primarily lifetime health insurance benefits paid to retirees that had been negotiated in bargaining unit contracts
  - To establish a trust, the participation in these types of benefits had to have been capped by July 1, 2002
  - The trust could be funded by the issuance of General Obligation Bonds
- The Legislature allowed the choice of two types of trust
  - An irrevocable trust locks in the funds for paying retiree benefits into perpetuity
  - A revocable trust allows more flexibility to utilize funds if the investment of the funds produced more assets over the liability

OPEB Revocable Trust History And Purpose (2)

- Minnetonka ISD 276 chose to establish a revocable trust because we knew excess assets were likely to accrue for several reasons
  - The actuaries were directed to use a conservative 3.00% discount rate to calculate the initial liability
    - We wanted to make sure there were going to be sufficient funds in the trust so that we would never be short of funds even in an economic downturn
    - At the time, 3.00% was what the District could earn on its own with its cash investments
  - We knew that with a fixed set of participants receiving benefits that over time normal mortality would result in the liability decreasing significantly

OPEB Revocable Trust History And Purpose (3)

- Because of those three reasons, we knew the chance of excess assets accruing over time was significant.

- The OPEB Revocable Trust was established in 2008 with a liability of $17,742,555 for 615 participants
- Wells Fargo Private Wealth Management was selected as the investment manager for the OPEB Revocable Trust

- From FY2008 through FY2026, $13,963,290 has been disbursed to the General Fund to pay for retiree benefits expenditures
  - Without the OPEB Trust, the General Fund Unassigned Fund Balance would be $13,963,290 lower at $X,XXX,XXX rather than the actual $XX,XXX,XXX at the end of FY26

OPEB Revocable Trust History And Purpose (4)

- June 30, 2021 Status
  - The OPEB Trust Assets had grown to $28,051,380
  - The OPEB Liability had declined from $17,742,555 in 2008 down to $10,985,427
  - Participants had declined from 615 in 2008 down to 209
- MS Statutes 471.6175 Subd. 7(a) reads in part:
  - *"any amount in excess of 100 percent of that political subdivision's or public entity's actuarially determined liabIlities for post employment benefits, as determined under standards of the Government Accounting Standards Board, may be withdrawn and used for any purpose"*
- On October 7, 2021 the School Board approved the use of $7,000,000 in excess assets from the OPEB Revocable Trust for use to construct the strategic asset of the VANTAGE MOMENTUM building
- On June 2, 2022, after bids came in higher than estimated due to construction inflation the School Board approved the use of an additional $2,850,000 in excess assets from the OPEB Revocable Trust for completion of th VANTAGE MOMENTUM building

OPEB Revocable Trust Liability Components

- Two components of the Revocable Trust Liability – Explicit Amounts and Implicit Amounts
- Explicit Amounts are specifically contracted dollar amounts that were in effect for persons employed before July 1, 2002 when post-retirement benefits were contractually capped for all employees and were no longer allowed granted for new employees after that date
  - *These benefits will eventually end due to mortality*
- Implicit Amounts are related to the fact that under Minnesota Statutes, all persons retiring from a school district are allowed to stay on that school district's health insurance benefits plan as long as they pay the full premium
- Older persons are more expensive for health insurance cost purposes, but Minnesota Statues require premiums not be age-related, so premiums for younger employees are technically higher than they would be if by age, so that premiums for older employees and retirees are technically lower than they would be if by age
- Actuarially, younger active employees subsidize older active employees and retirees for premiums, and that trickles through to overall benefit contributions by the employer.
- This is the Implicit Liability, and these benefits will never end due to mortality

Total Unfunded Actuarially Accrued Liability (UAAL)

Exhibit B: 30-Year Projection of the UAAL

Exhibit B shows the 30-year projection of the Actuarial Accrued Liability (AAL), the Market Value of Assets (MVA), and the Unfunded Actuarial Accrued Liability (UAAL). The AAL represents the direct contributions the District makes on behalf of retirees, as well as the implicit rate subsidy that the retirees benefit from each year by being enrolled in the group benefit plan with active employees. This projection does not take into account the effect of new hires.

Plan Year Beginning July 1,	Total Projected Benefits	Normal Cost	Interest Cost at 4.21%	AAL at Beginning of Year	OPEB Trust Contribution	MVA at Beginning of Year	UAAL at Beginning of Year
2024	887,385	61,836	417,714	10,303,794	-	-	10,303,794
2025	895,225	56,234	400,143	9,895,959	-	-	9,895,959
2026	820,544	50,531	382,999	9,457,111	-	-	9,457,111
2027	730,360	44,745	368,361	9,070,097	-	-	9,070,097
2028	674,245	39,791	355,977	8,752,843	-	-	8,752,843
2029	672,057	35,369	344,113	8,474,366	-	-	8,474,366
2030	649,715	31,196	332,090	8,181,791	-	-	8,181,791
2031	640,741	27,314	320,057	7,895,362	-	-	7,895,362
2032	596,346	23,044	308,461	7,601,992	-	-	7,601,992
2033	577,342	19,635	297,568	7,337,151	-	-	7,337,151
2034	579,824	16,652	286,438	7,077,012	-	-	7,077,012
2035	568,733	12,983	274,866	6,800,278	-	-	6,800,278
2036	566,109	9,246	262,939	6,519,394	-	-	6,519,394
2037	542,679	6,201	250,930	6,225,470	-	-	6,225,470
2038	524,526	4,182	239,206	5,939,922	-	-	5,939,922
2039	523,819	2,700	227,322	5,658,784	-	-	5,658,784
2040	481,026	1,809	215,817	5,364,987	-	-	5,364,987
2041	486,936	1,195	204,577	5,101,587	-	-	5,101,587
2042	465,592	775	193,172	4,820,423	-	-	4,820,423
2043	439,234	519	182,280	4,548,778	-	-	4,548,778
2044	423,559	327	171,805	4,292,343	-	-	4,292,343
2045	417,346	217	161,347	4,040,916	-	-	4,040,916
2046	405,789	142	150,818	3,785,134	-	-	3,785,134
2047	392,022	65	140,377	3,530,305	-	-	3,530,305
2048	380,106	45	130,035	3,278,725	-	-	3,278,725
2049	366,627	20	119,792	3,028,699	-	-	3,028,699
2050	351,633	7	109,716	2,781,884	-	-	2,781,884
2051	335,135	-	99,878	2,539,974	-	-	2,539,974
2052	317,251	-	90,350	2,304,717	-	-	2,304,717
2053	298,068	-	81,202	2,077,816	-	-	2,077,816

Explicit Unfunded Actuarially Accrued Liability (UAAL)

Exhibit C: 30-Year Projection of the Explicit UAAL

Exhibit C shows the 30-year projection of the Explicit Actuarial Accrued Liability (AAL), the Market Value of Assets (MVA), and the Explicit Unfunded Actuarial Accrued Liability (UAAL). The Explicit AAL represents the direct contributions the District makes on behalf of retirees. This projection does not take into account the effect of new hires.

Plan Year Beginning July 1,	Explicit Projected Benefits	Normal Cost	Interest Cost at 4.21%	Explicit AAL at Beginning of Year	OPEB Trust Contribution	MVA at Beginning of Year	UAAL at Beginning of Year
2024	442,465	18,224	212,460	5,249,562	-	-	5,249,562
2025	449,440	16,573	203,328	5,037,781	-	-	5,037,781
2026	436,302	14,892	193,870	4,808,242	-	-	4,808,242
2027	422,074	13,187	184,518	4,580,702	-	-	4,580,702
2028	411,444	11,727	175,234	4,356,333	-	-	4,356,333
2029	400,877	10,424	165,951	4,131,850	-	-	4,131,850
2030	386,801	9,194	156,744	3,907,348	-	-	3,907,348
2031	383,185	8,050	147,474	3,686,485	-	-	3,686,485
2032	356,627	6,791	138,395	3,458,824	-	-	3,458,824
2033	344,133	5,787	129,714	3,247,383	-	-	3,247,383
2034	331,402	4,908	121,162	3,038,751	-	-	3,038,751
2035	318,004	3,826	112,754	2,833,419	-	-	2,833,419
2036	305,472	2,725	104,492	2,631,995	-	-	2,631,995
2037	285,612	1,828	96,525	2,433,740	-	-	2,433,740
2038	270,753	1,232	88,929	2,246,481	-	-	2,246,481
2039	255,246	796	81,635	2,065,889	-	-	2,065,889
2040	234,567	533	74,783	1,893,074	-	-	1,893,074
2041	220,969	352	68,357	1,733,823	-	-	1,733,823
2042	204,585	228	62,287	1,581,563	-	-	1,581,563
2043	188,426	153	56,643	1,439,493	-	-	1,439,493
2044	174,000	96	51,402	1,307,863	-	-	1,307,863
2045	161,346	64	46,510	1,185,361	-	-	1,185,361
2046	149,175	42	41,933	1,070,589	-	-	1,070,589
2047	137,504	19	37,665	963,389	-	-	963,389
2048	126,331	13	33,698	863,569	-	-	863,569
2049	115,632	6	30,023	770,949	-	-	770,949
2050	105,375	2	26,635	685,346	-	-	685,346
2051	95,532	-	23,527	606,608	-	-	606,608
2052	86,090	-	20,695	534,603	-	-	534,603
2053	77,035	-	18,132	469,208	-	-	469,208

Implicit Unfunded Actuarially Accrued Liability (UAAL) Is The Difference Between Exhibit B and Exhibit C

Exhibit B

OPEB Trust Contribution	MVA at Beginning of Year	UAAL at Beginning of Year
-	-	10,303,794
-	-	9,895,959
-	-	9,457,111
-	-	9,070,097
-	-	8,752,843
-	-	8,474,366
-	-	8,181,791
-	-	7,895,362
-	-	7,601,992
-	-	7,337,151
-	-	7,077,012
-	-	6,800,278
-	-	6,519,394
-	-	6,225,470
-	-	5,939,922
-	-	5,658,784
-	-	5,364,987
-	-	5,101,587
-	-	4,820,423
-	-	4,548,778
-	-	4,292,343
-	-	4,040,916
-	-	3,785,134
-	-	3,530,305
-	-	3,278,725
-	-	3,028,699
-	-	2,781,884
-	-	2,539,974
-	-	2,304,717
-	-	2,077,816

Exhibit C

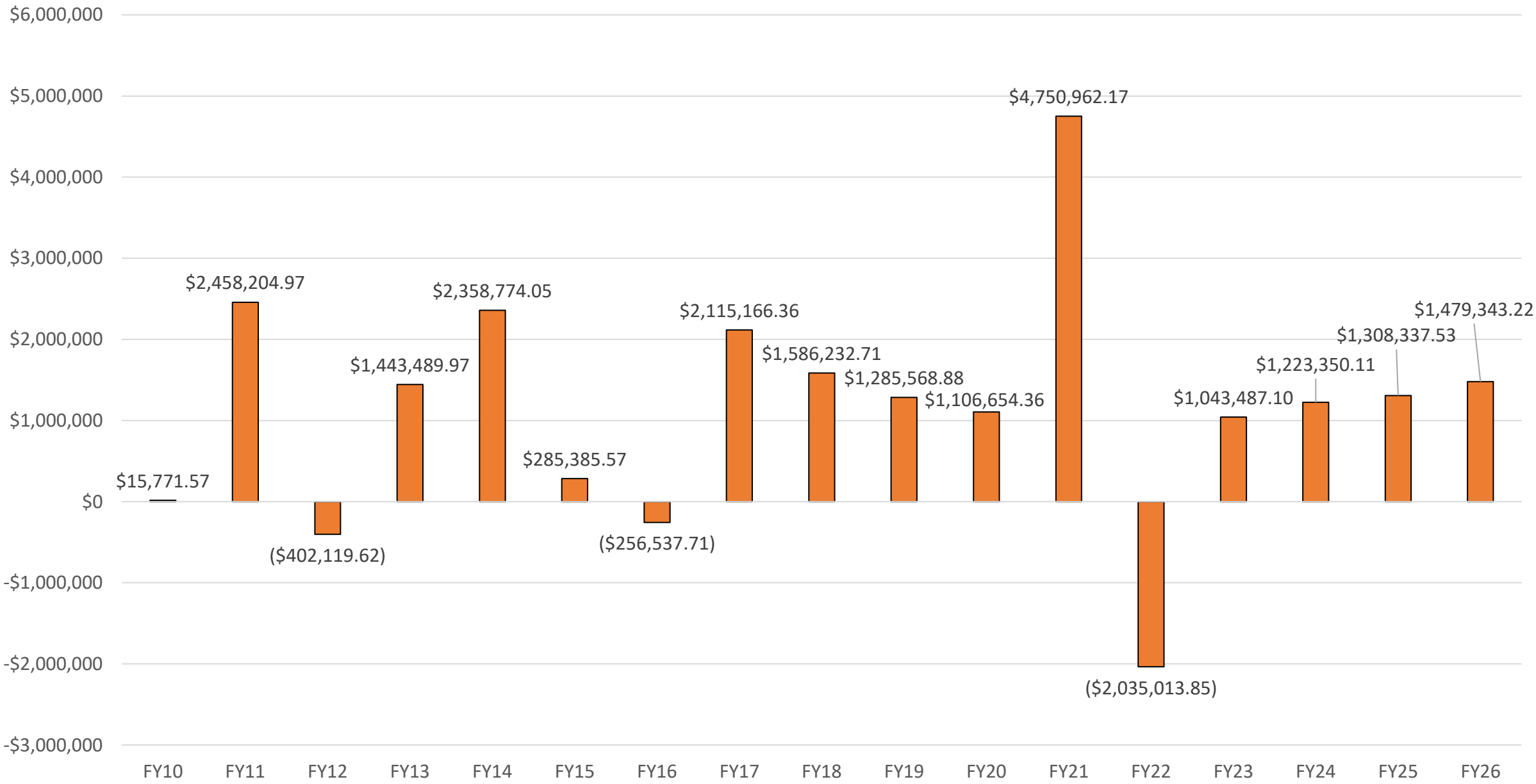
OPEB Trust Contribution	MVA at Beginning of Year	UAAL at Beginning of Year
-	-	5,249,562
-	-	5,037,781
-	-	4,808,242
-	-	4,580,702
-	-	4,356,333
-	-	4,131,850
-	-	3,907,348
-	-	3,686,485
-	-	3,458,824
-	-	3,247,383
-	-	3,038,751
-	-	2,833,419
-	-	2,631,995
-	-	2,433,740
-	-	2,246,481
-	-	2,065,889
-	-	1,893,074
-	-	1,733,823
-	-	1,581,563
-	-	1,439,493
-	-	1,307,863
-	-	1,185,361
-	-	1,070,589
-	-	963,389
-	-	863,569
-	-	770,949
-	-	685,346
-	-	606,608
-	-	534,603
-	-	469,208

← $5,054,232 Implicit UAAL in FY25 – 49%

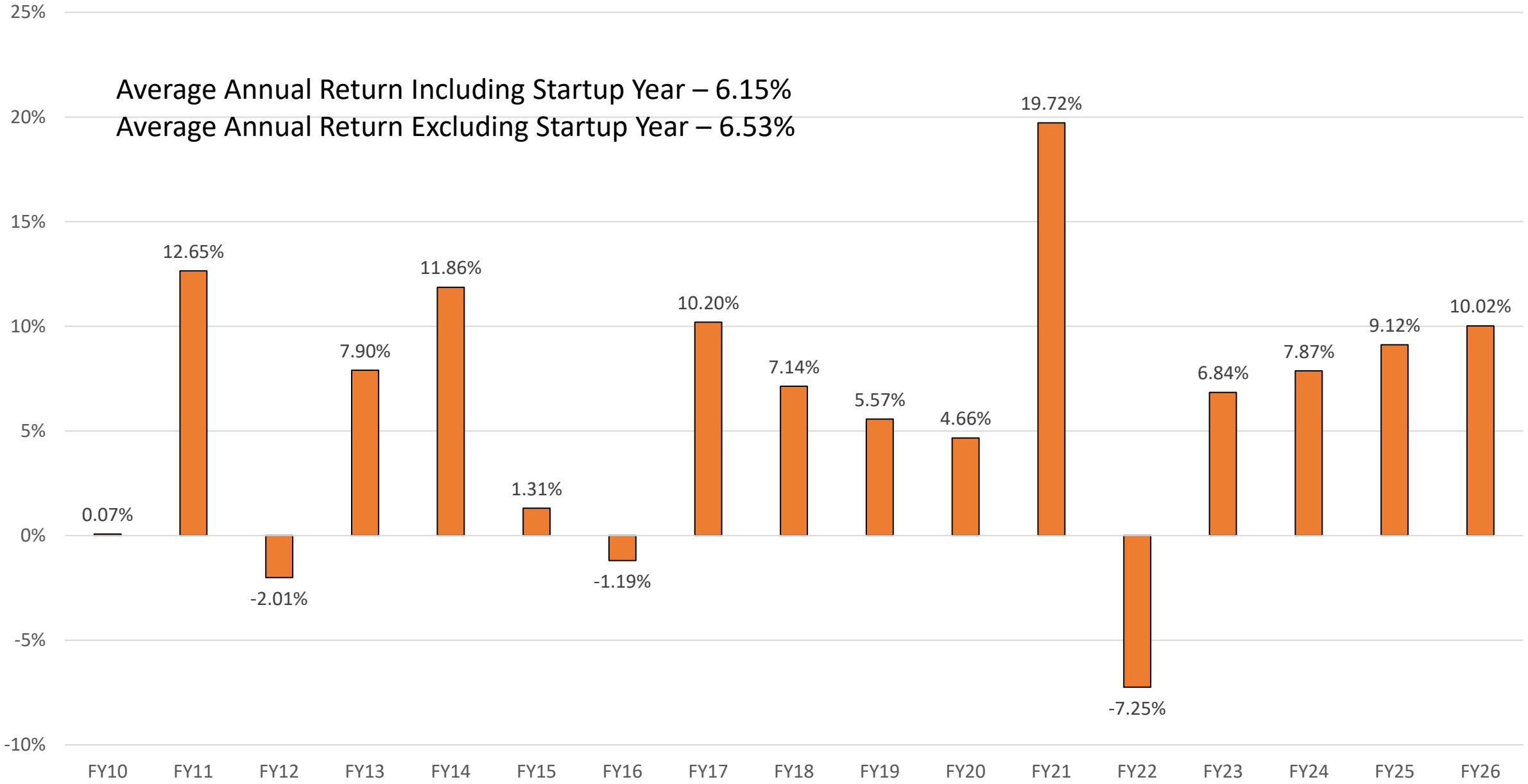
Eventually because of mortality
the Explicit Liability Will Drop to 0%
and the Implicit Liability Will Grow to 100%

← $1,608,610 Implicit UAAL in FY54 – 77%

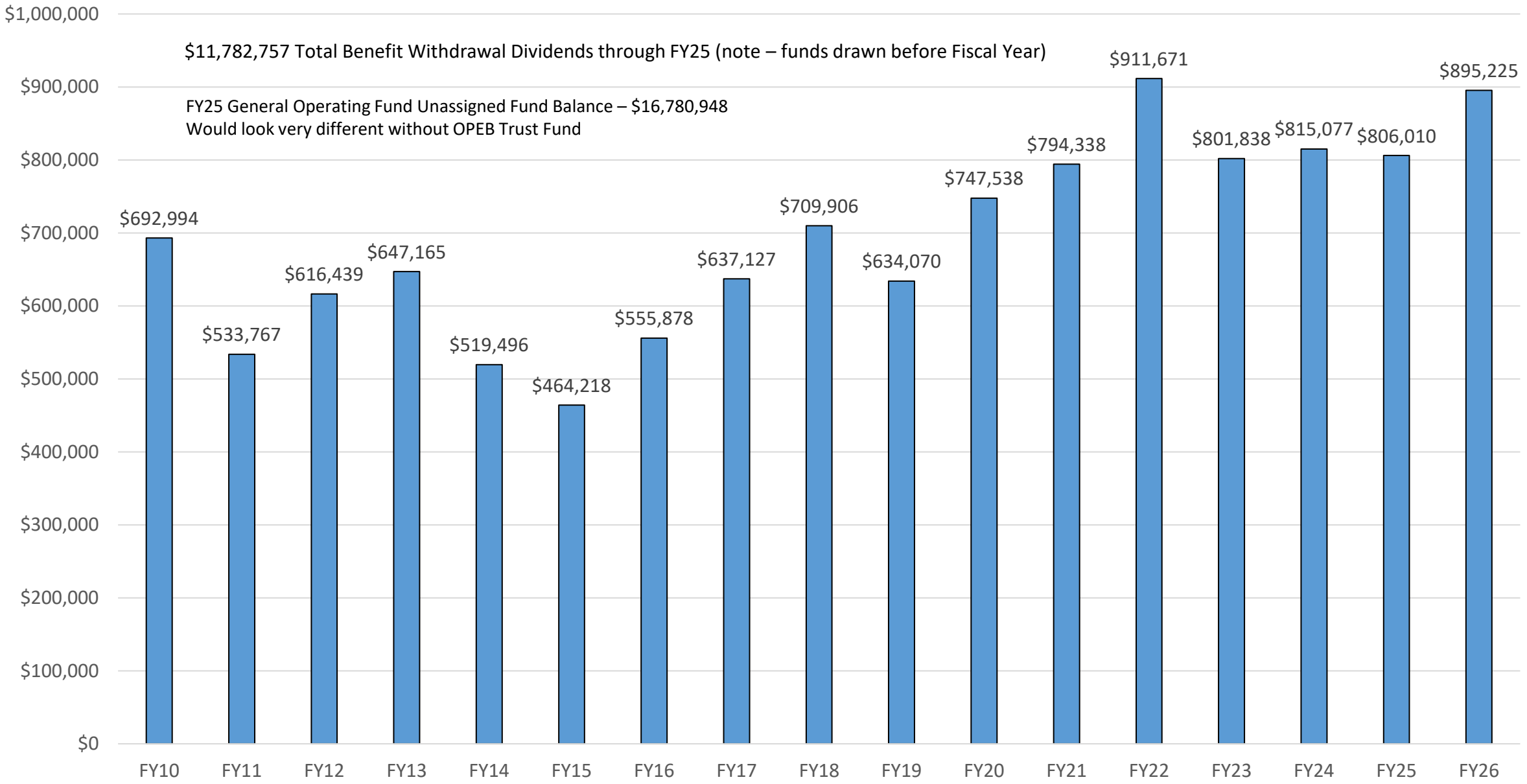
Minnetonka ISD 276 OPEB Revocable Trust Fund
Fiscal Year Investment Return Amount



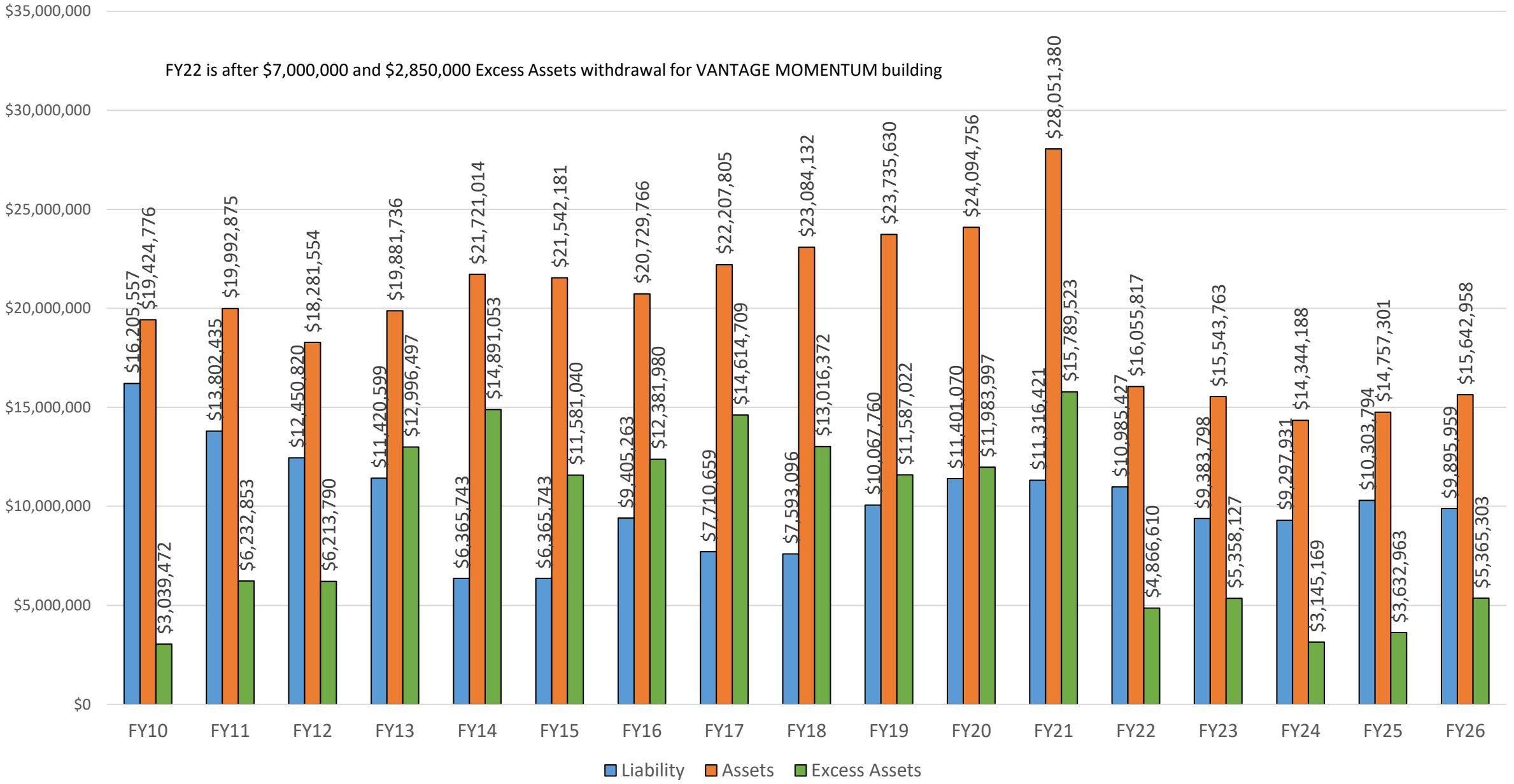
Minnetonka ISD 276 OPEB Revocable Trust Fund
Fiscal Year Investment Return Percentage



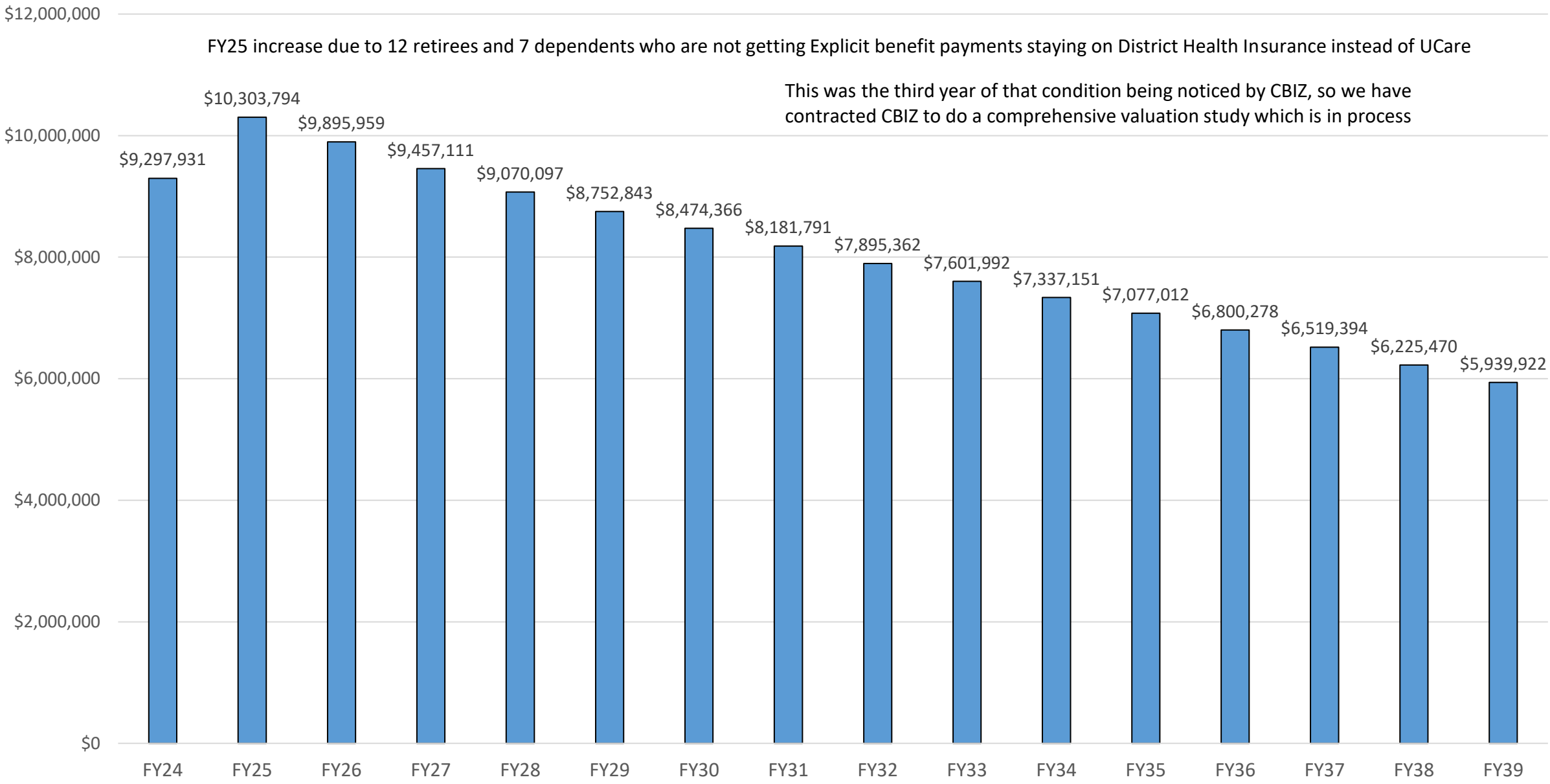
Minnetonka ISD 276 OPEB Revocable Trust Fund Withdrawals For Benefit Payments



Minnetonka ISD 276 OPEB Revocable Trust Fund
Liability, Total Assets & Excess Assets



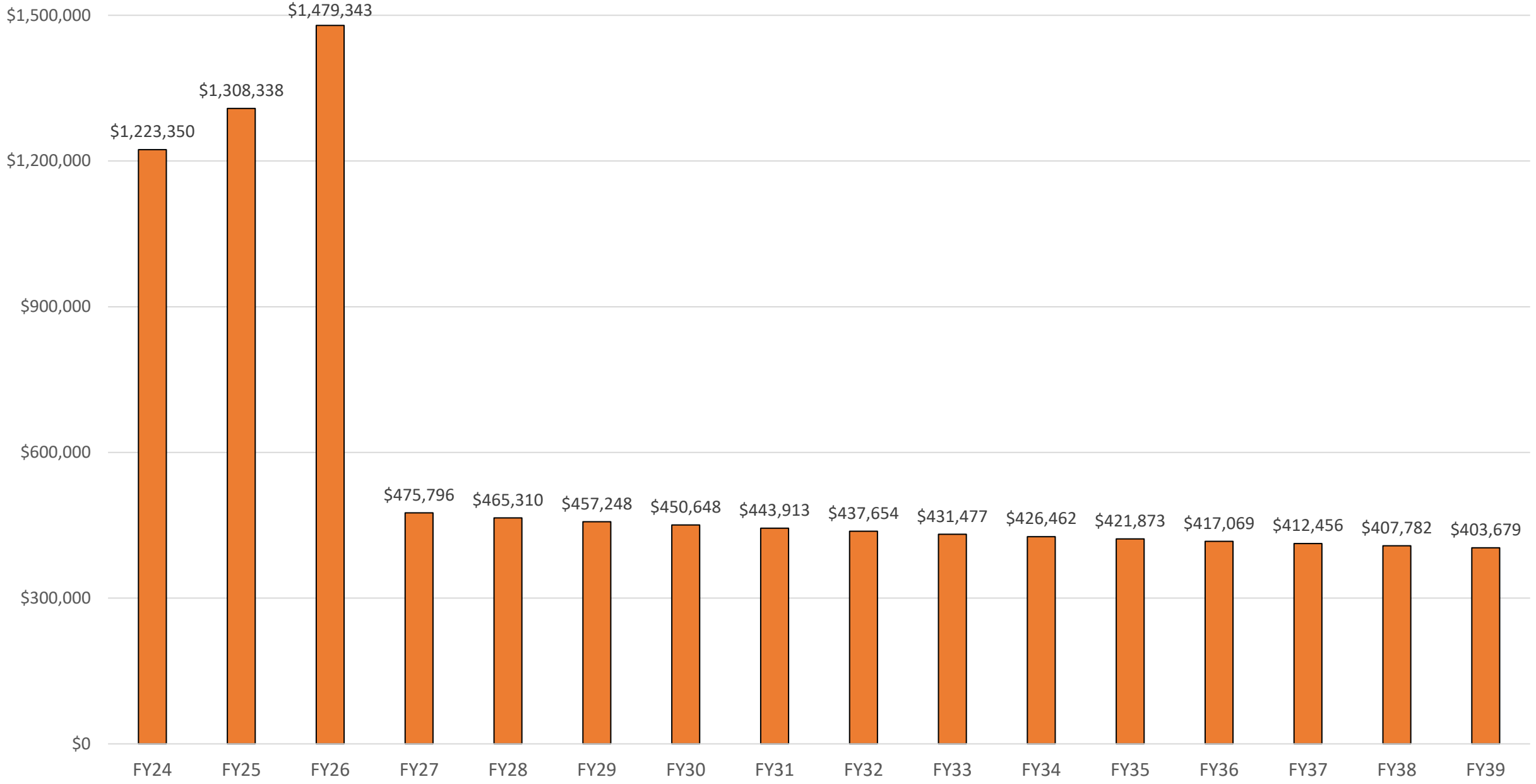
Minnetonka ISD 276 OPEB Revocable Trust Fund
Actuarially-Projected Future Total Liability Calculated To Explicit Liability Amortization Year (FY39)



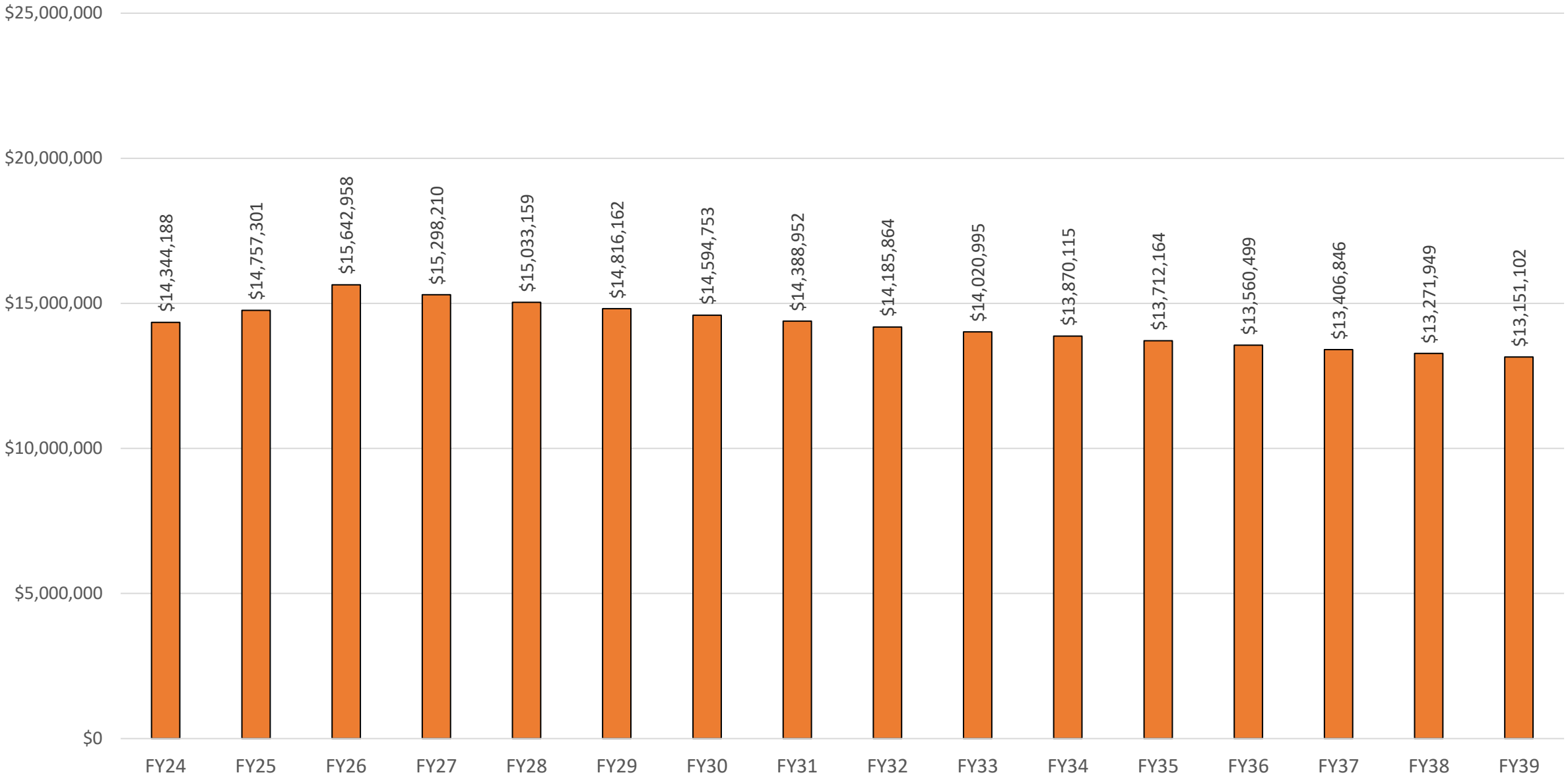
Minnetonka ISD 276 OPEB Revocable Trust Fund
Actuarially-Projected Future Benefit Withdrawals



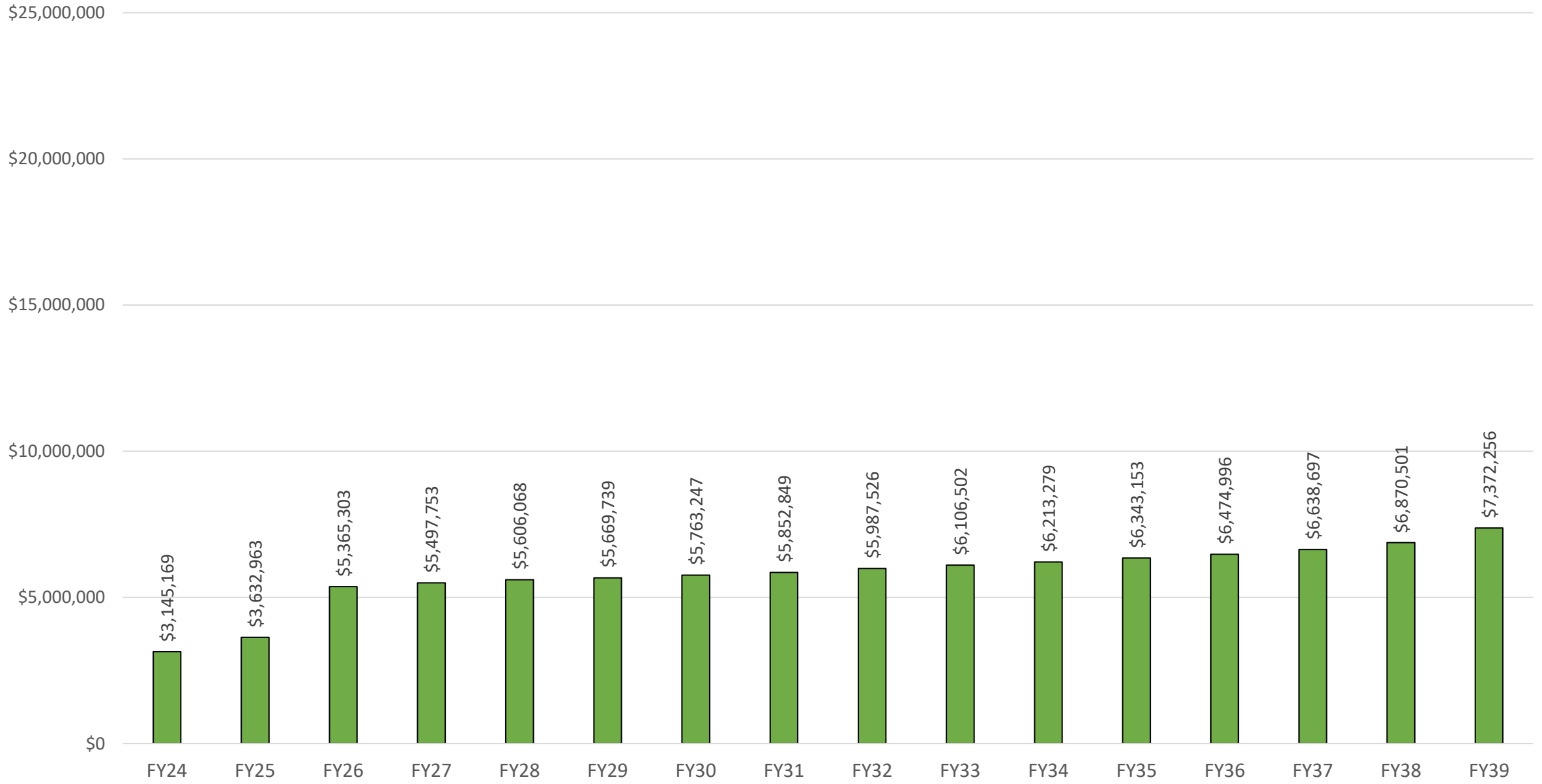
Minnetonka ISD 276 OPEB Revocable Trust Fund
Projected Future Investment Earnings-3.00% Annual Returns FY27-FY39



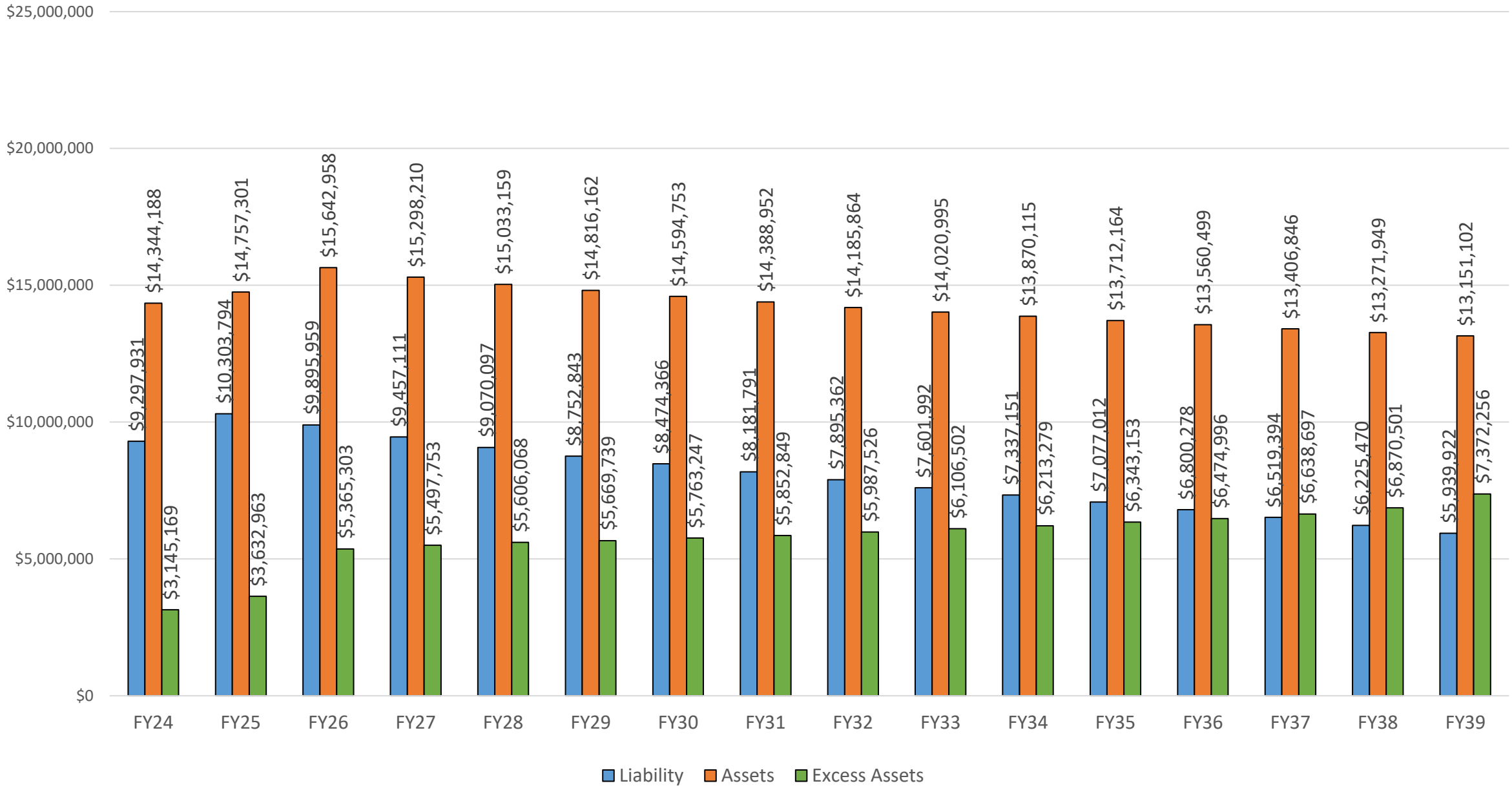
Minnetonka ISD 276 OPEB Revocable Trust Fund
Projected Future Asset Balance-3.00% Annual Returns FY27-FY39



Minnetonka ISD 276 OPEB Revocable Trust Fund
Projected Future Excess Assets Balance-3.00% Annual Returns FY27-FY39



Minnetonka ISD 276 OPEB Revocable Trust Fund
Liability, Total Assets & Excess Assets – 3.00% Annual Returns FY27-FY39



OPEB Revocable Trust Net Result After 17 Years FY2009-FY2026

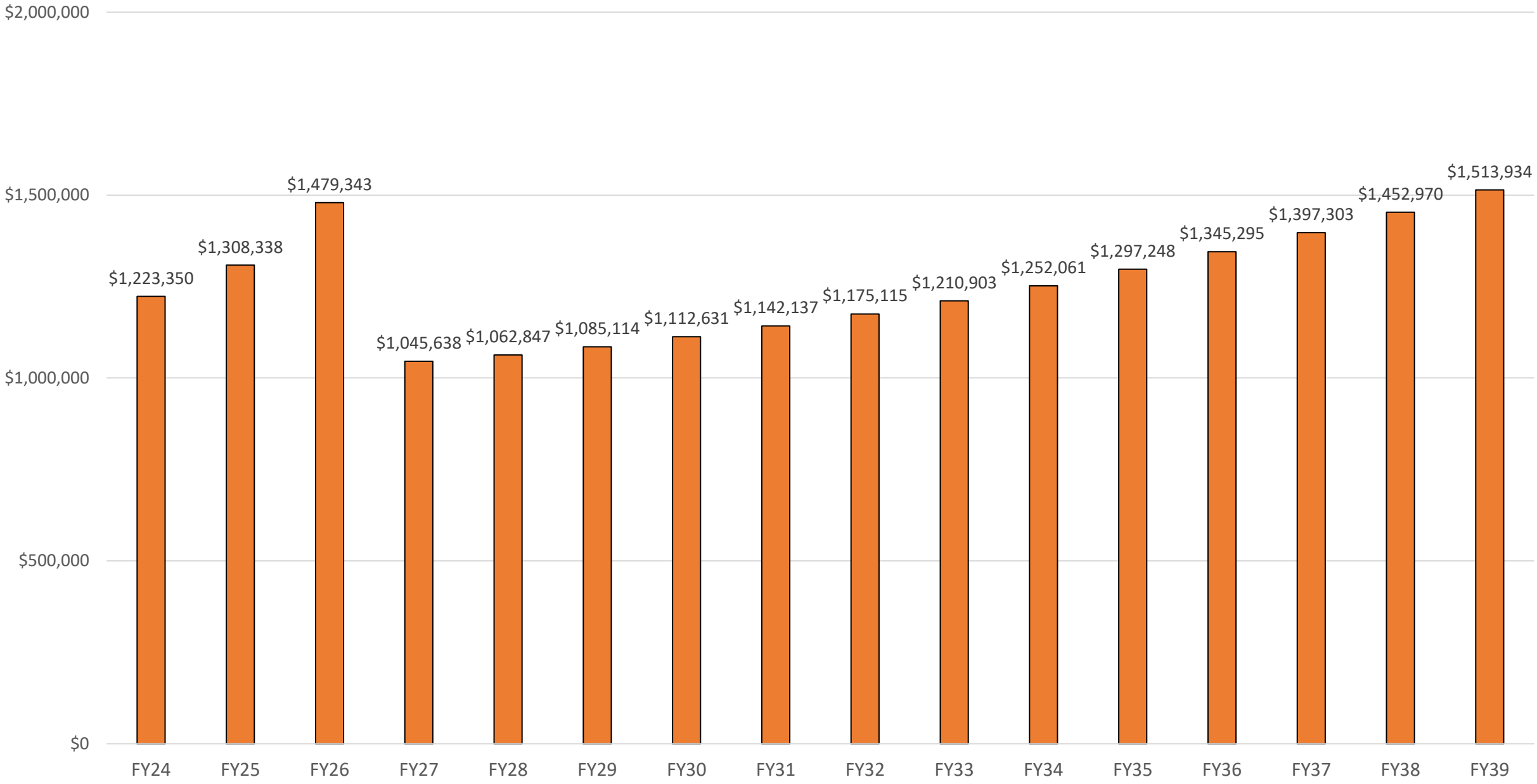
- $17,742,555 invested
- $22,176,977 cumulative dividends paid
  - $12,326,977 in Benefit Withdrawal dividends
    - Positive impact on General Operating Fund Unassigned Balance
  - $ 9,850,000 in Excess Asset dividends paid for VAN MO
    - 100-year asset
- $15,642,958 in assets remaining June 30, 2026

OPEB Revocable Trust Net Result After Next 13 Years FY27-FY39

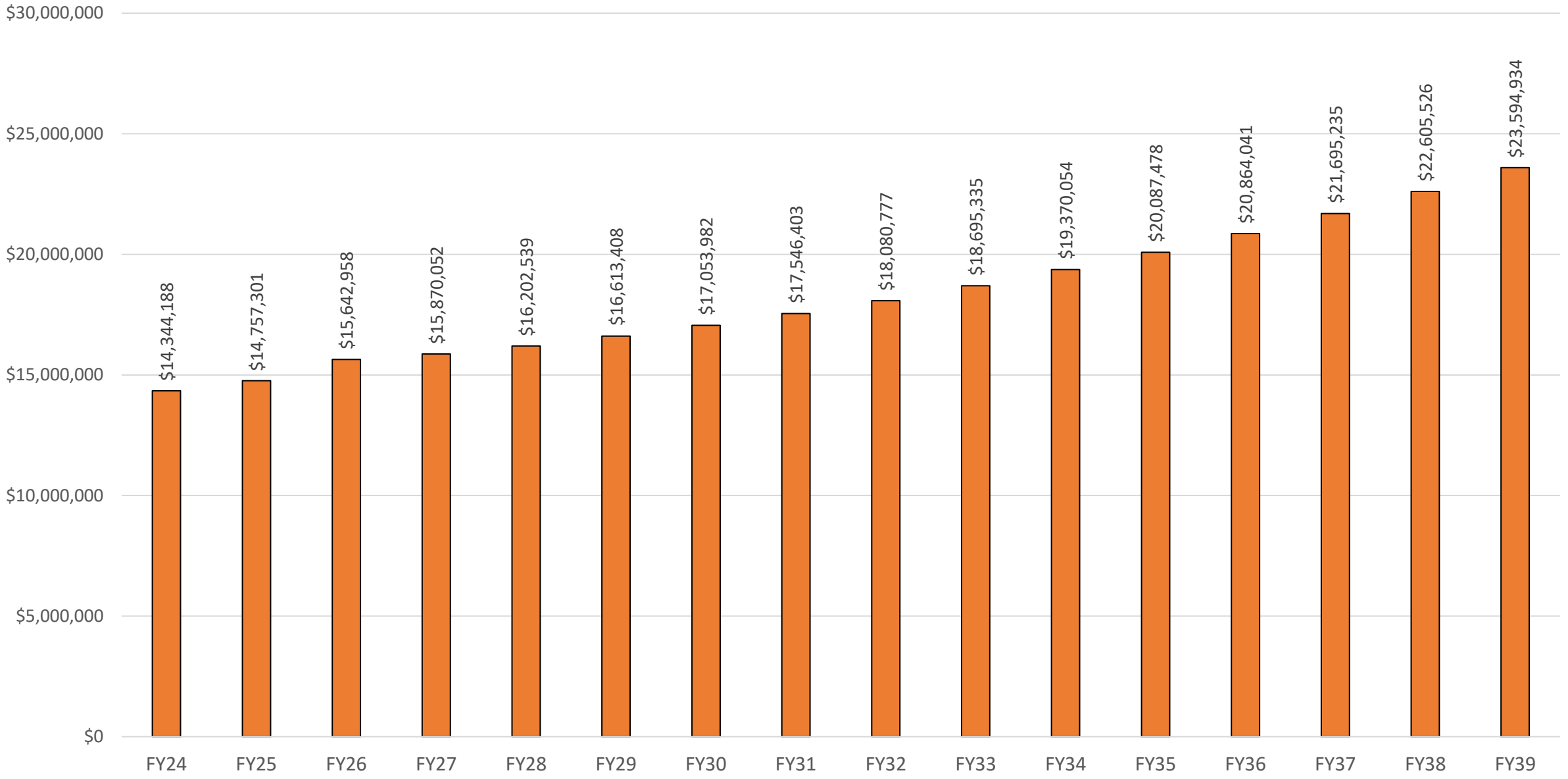
Next 13 Years FY27-FY39 At 3.00% Annual Returns

- $ 5,651,367 in investment earnings
- $ 8,143,221 in benefit withdrawal dividends
- $13,151,102 in assets remaining June 30, 2039
- $ 7,372,256 Excess Assets remaining June 30, 2039

Minnetonka ISD 276 OPEB Revocable Trust Fund
Projected Future Investment Earnings-6.50% Annual Returns FY27-FY39



Minnetonka ISD 276 OPEB Revocable Trust Fund
Projected Future Asset Balance-6.50% Annual Returns FY27-FY39



OPEB Revocable Trust Net Result After Next 13 Years FY27-FY39

Next 13 Years FY27-FY39 At 6.50% Annual Returns

- $16,093,196 in investment earnings
- $ 8,143,221 in benefit withdrawal dividends
- $23,594,934 in assets remaining June 30, 2039
- $17,816,088 Excess Assets remaining June 30, 2039

Thank You!