MEMORANDUM

TO: ISD 110 School Board

FROM: Pam Carman, Director of Finance & Operations
Tim Bisek, Director of Buildings & Grounds

DATE: November 9, 2026

SUBJECT: Middle School IAQ Project - Long-Term Facilities Bond Resolution

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Purpose

The purpose of this agenda item is to continue the School Board's discussion and planning related to the Waconia Middle School Indoor Air Quality (IAQ), HVAC, and roofing project and to consider the next procedural steps necessary to continue planning for the project.

This action follows the Board's October 12 Work Session with SitelogIQ and October 26 Work Session with PTMA Securities. At the October 26 meeting, Board members reached consensus to bring forward a resolution on November 9 to approve an updated ten-year Long-Term Facilities Maintenance (LTFM) plan and declare the District's intent to issue Facilities Maintenance Bonds.

Background & Context

At the October 12 Work Session, SitelogIQ reviewed the condition of the Middle School HVAC and IAQ systems, including options to repair the existing chillers, temporarily rent equipment, or replace the system. Based on the condition of the existing equipment and the District's longer-term facility needs, replacement of the Middle School cooling system was identified as the District's highest-priority facilities need.

The discussion also considered the opportunity to coordinate the HVAC/IAQ improvements with roofing work to reduce duplication, disruption, and future costs. Current planning continues to use an approximately $17 million total project estimate for the Middle School HVAC/IAQ and roofing improvements. The project scope, cost estimates, sequencing, and financing needs will continue to be refined as design and planning progress.

At the October 26 Work Session, PTMA Securities presented the District's existing debt structure, potential financing options, estimated tax impacts, and a preliminary financing timeline. The discussion included the potential issuance of Facilities Maintenance Bonds in one or more series during calendar years 2027 and/or 2028. The financing analysis also considered approximately $1 million in estimated remaining proceeds from the High School IAQ project that may be available for a future eligible IAQ project.

The information presented on October 26 was intended to help the Board understand the potential financial implications and available financing options as it continues to evaluate the project. No action was taken at that meeting.

NOVEMBER 9 BOARD ACTION

As a follow-up to these discussions and the direction provided by the Board on October 26, PTMA Securities and Dorsey & Whitney, the District's bond counsel, have prepared the attached resolution for Board consideration.

Approval of the resolution would:

- Approve the District's revised FY2028 Ten-Year Facility Plan and allow the District to submit the updated plan to the Minnesota Department of Education (MDE) for required approval;
- Declare the District's official intent to issue General Obligation Facilities Maintenance Bonds, in one or more series, in an aggregate principal amount not to exceed $16,750,000, preserving this financing option as project planning continues;
- Establish the required reimbursement language to preserve the District's ability to reimburse eligible project expenditures incurred prior to a future bond issuance; and
- Authorize publication of the required notice of the District's intent to issue Facilities Maintenance Bonds.

Approval of the November 9 resolution does not issue the bonds and does not initiate a property tax impact. The resolution provides the District with the authority needed to approve and submit the updated LTFM plan to MDE, seek required MDE approval, preserve the District's financing and reimbursement options, and continue project planning.

Any property tax impact associated with the project would occur only after the School Board takes subsequent action to move forward with a bond issuance. The Board will therefore have another decision point before bonds are issued.

NEXT STEPS

If the resolution is approved, the District will submit the updated LTFM plan to MDE and continue refining the project scope, design, estimated costs, financing structure, and implementation timeline.

Current planning anticipates a phased approach, with the potential for initial chiller and related roofing work to occur in 2027 and remaining HVAC/IAQ and roofing improvements to follow in a subsequent phase. The specific scope, timing, sequencing, and financing of the work will continue to be refined as design, cost estimates, and project planning progress.

Following Board approval of the resolution, the District will also publish the required notice of intent one time in the District's official newspaper.

RECOMMENDED ACTION

Administration recommends approval of the Resolution Relating to General Obligation Facilities Maintenance Bonds; Stating Official Intent to Proceed with the Issuance and Sale Thereof; Approving Ten-Year Facility Plan; and Establishing Compliance with Reimbursement Bond Regulations Under the Internal Revenue Code, as presented.

ATTACHMENTS

1. October 12, 2026 – Waconia Middle School HVAC, IAQ & Roof Discussion – SitelogIQ
2. October 26, 2026 – Facilities Financial Planning – PTMA Securities
3. September 14, 2026 - Finance & Facilities Committee Presentation
4. Resolution Relating to General Obligation Facilities Maintenance Bonds
5. Notice Relating to General Obligation Facilities Maintenance Bonds