

Special School Board Meeting
Duluth Public Schools, ISD 709
Agenda
Tuesday, May 30, 2017
UnitedHealth Group Building
4316 Rice Lake Road
Suite 108
Duluth, MN 55811
4:30 PM

1. **Call to Order**
2. **Roll Call**
3. **Audience - Related to agenda items listed below**
4. **Ten Year Capital Facilities Plan and Proposed Financing** **3**
 - A. Ten Year Capital Facilities Plan - presentation by David Spooner, Facilities Manager, ISD 709 5
 - B. Proposed Financing - presentation by Steve Pumper, Vice President, MN Office, PMA Securities, Inc. 22
 - C. Resolution B-5-17-3452 - Approving Ten-Year Facilities Plan-FY2018 Update 33

Recommendation: It is recommended that the Duluth School Board approve Resolution B-5-17-3452.
 - D. Resolution B-5-17-3450 - Issuance of General Obligation Facilities Maintenance Bonds, Series 2017A 34

Recommendation: It is recommended that the Duluth School Board approve Resolution B-5-17-3450.
 - E. Resolution - B-5-17-3451 - Issuance of General Obligation Capital Facilities Bonds, Series 2017B 36

Recommendation: It is recommended that the Duluth School Board approve Resolution B-5-17-3451.
5. **Bid #1259 - Stowe Elementary Playground Improvements** **39**

The above bid was advertised according to statute and School Board Policy. Four (4) bids were received in response to the School District’s notice for bids for the Stowe Elementary Playground Improvement Project. The attached Bid Tab and recommendation letter reflect the bids received related to the scope of work.

To achieve the most cost effective price, this project to renovate the playground at Stowe contains both work that was bid, along with direct purchase of play equipment and installation off of the state contract. The

combination of the two procurement methods will result in a project sum of \$445,737.

Recommendation: It is recommended that the Duluth School Board approve entering into an agreement with A Plus Landscaping, LLC, as listed on the recommendation letter based on their low responsible base bid of \$286,861, plus add alternate 1 for the sum of \$23,900, for a total of \$310,761 as provided in response to BID #1259 – Stowe Elementary Playground Improvements. Included in this recommendation is that the School Board Chair be authorized to sign contract documents reflecting the terms of this agreement.

6. Adjournment

MEMO

To: School Board
Bill Gronseth, Superintendent

From: Doug Hasler, CFO *DH*

Date: May 25, 2017

Re: Ten-Year LTFM Plan and Bond Financing

Over the course of the current fiscal year, priority has been given to two projects – Playground Fall Protection, and Rockridge School Improvements – which were not incorporated into our budgets. The costs of these two priority projects, in addition to those projects which were planned for this year, exceed the available Long Term Facilities Maintenance (LTFM) revenue, which is the primary source of funding for capital improvement projects. Further, some of the improvements planned for Rockridge School are not eligible LTFM expenses, and would need to be paid through our General Fund.

I have investigated financing options that would allow us to undertake and complete the Rockridge School Improvements project, with additional capacity to move forward with the planned replacement of the Lakewood School roof system during the upcoming fiscal year. The Playground Fall Protection project would be paid through existing LTFM revenues. The financing option that I am proposing is to issue general obligation bonds to pay for these capital improvement projects. This bonding would be structured into two separate bond issues -- \$3.64 million in Facilities Maintenance bonds (LTFM), and \$615,000 in Capital Facilities bonds (General Fund).

There are a number of process requirements necessary for Duluth Public Schools to issue such bonds:

- (1) A Ten-Year LTFM Plan (FY 2018 – FY 2027) identifying the Rockridge School and Playground Fall Protection projects must be reviewed, and approved by the School Board;
- (2) A resolution to issue General Obligation Facilities Maintenance Bonds must be approved by the School Board;

- (3) A resolution to issue General Obligation Capital Facilities Bonds must be approved by the Board;
- (4) Legal notices of the intent to issue such bonds must be published; and
- (5) The Ten-Year LTFM Plan, and the proposed financing must be submitted to the Minnesota Department of Education for approval by the Commissioner.

Bond financing would add expense to these projects in the form of interest costs and costs of issuance. Those costs are currently estimated to be \$222,500 for LTFM, and \$43,500 for Capital Facilities (General Fund). These additional costs would be spread over a 5-year repayment period. While such increased costs are problematic for all of our budgets, it would be necessary to eliminate, or delay one or more of the priority or planned LTFM projects, or identify deeper budget reductions (for General Fund) absent the proposed financing.

A bond issuance process can be a complicated endeavor. In order to initiate and complete this proposed bond issue, I have called upon a team of professionals to advise and assist us in this process. That team includes Steve Pumper (PMA Financial), Bob Toftey (Fryberger, Buchanan, Smith & Frederick), and Michael Hart (Northland Securities). All of these individuals will be attending the Special Board Meeting on Tuesday, May 30th.

The agenda for the Special Board Meeting will include presentations by Dave Spooner on the 10-Year LTFM Plan, and by Steve Pumper on the proposed financing. Upon the conclusion of these presentations, I am recommending that the Board approve three resolutions concerning the LTFM Plan and the two bond issues. Subsequent to consideration of the 10-Year LTFM Plan, and the proposed financing, there is a separate agenda item for approval of a bid on the Stowe Playground Replacement Project.

Thank you for your consideration of these issues during the May 30th Special Board Meeting.



MAY 30, 2017

LONG TERM
FACILITIES
MAINTENANCE

TEN-YEAR PLAN

LONG TERM FACILITIES MAINTENANCE TEN-YEAR PLAN

Presented to the Duluth School Board

May 30, 2017

NOTE: This plan should not be considered all-inclusive regarding the current school facility needs. The process of assessment is ongoing and annually involves the gathering of updated needs information from building administrators. We are continually striving to realize even greater accuracy relative to the planning for deferred and scheduled maintenance repair needs of our school buildings.

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Section 1 Administrative Summary

Section 2 Long Term Facilities Maintenance Ten-Year Plan - By Fiscal Year (FY)

Section 3 Long Term Facilities Maintenance Ten-Year Plan - SITE Name (Building)

Section 1

LONG TERM FACILITIES MAINTENANCE TEN-YEAR PLAN

Presented to the Duluth School Board

May 30, 2017

The School Board adopted the first Capital Facilities Plan, now known as the Long Term Facilities Maintenance Ten-Year Plan, in February 1996. Projects are in some cases required by building official order or recommended with input from the following:

1. The State Fire Marshal's orders.
2. Proposals from building principals and staff related to their needs.
3. Projects identified through Facilities Management Department assessments.
4. Projects identified through District Administration or School Board directives.

The purpose of this plan is to create a comprehensive, consistent, and continuous means through which the District will identify and budget for projects required to preserve our facilities capacity, and provide functional, safe and healthy spaces for learning.

The Plan is generally formatted from left to right starting with the identification of the building to which the project is associated:

- Under the column heading "BUILDING," the building name is listed.
- Next, under the column heading "WORK ITEM DESCRIPTION" the project is further defined.
- Projects are categorized by Finance Code per MDE and are: 347=Physical Hazards, 349=Other Hazardous Materials, 352=Environmental Health and Safety Management, 358=Asbestos Removal and Encapsulation, 363= Fire Safety, 366= Indoor Air Quality, 367= Accessibility, 368= Building Envelope, 369= Building Hardware and Equipment, 370= Electrical, 379= Interior Surfaces, 380= Mechanical Systems, 381= Plumbing, 382= Professional Services and Salary, 383= Roof Systems, 384= Site Projects.
- Projects that cost less than \$5,000 are generally not considered a capital facilities expense and instead are addressed using general fund revenues (maintenance program 810).
- The Fiscal Year or budget year at the top of a page (FY) identifies when the project is proposed to occur. FY18 encompasses July 1, 2017 to June 30, 2018; FY19 encompasses July 1, 2018 to June 30, 2019, and so on.
- Cost figures shown are best estimates and will be refined with further investigation and design. Estimates generally include a 10 percent escalation for contingency.

Project Prioritization

From the plan inception, projects are incorporated based on their need relative to impact on the integrity of the exterior envelope of the building or the building structure, their impact on safety and health, and function or needs that do not fit into the first two categories.

Other facilities information to consider relative to the plan:

1. The current replacement value of the District's capital facilities infrastructure is estimated at over **350 million dollars**. The District maintains approximately 1.86 million square feet of building floor area. Recent construction experience indicates our school facilities would cost approximately \$200-\$275 per square foot to rebuild. If provided with proper maintenance and repair, it is reasonable to expect that most of the Duluth school buildings will provide adequate educational program space for a total of at least 50 to 75 years.
2. The current average age of the District's facilities is approximately 42 years considering only those building currently used by the District.
3. Generally accepted guidelines indicate the average annual maintenance and repair budget for a typical school in Minnesota should be approximately \$3 per square foot or approximately 2% of the replacement value per year. With this basis applied to all of our facilities, the District should be spending around **\$5.6 million per year** on maintenance and repair factoring a 50 year service life.
4. The District will issue bonds to facilitate the additional FY-18 work to renovate Rockridge Elementary for "The Hills" clients, along with completion of the Engineered Wood Fall Protection replacement projects at our DW playgrounds. Based on current levy assumptions for the next 5 years, the resulting debt service to repay those bonds will result in less than \$0.75 per square foot spent on maintenance and repair for District buildings.

Section 2

INSTRUCTIONS: Enter estimated expenditures that are allowable uses of Long-term Facilities Maintenance Revenue under MS 123B.595, Subd. 10, by UFARS Finance Code by fiscal year in the space provided.
The Finance Code for Pre-K remodeling is yet to be assigned.

District Name: Duluth Public School District								District #709		
								Date: 5/30/2017		
District Contact for Questions on this Spreadsheet:						E-mail: david.spooner@isd709.org				
Name: David Spooner						Phone #: (218) 336 -8907				
Fiscal Year, Ending June 30th -->	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027

ESTIMATED EXPENDITURES:

Health and Safety, Excluding Projects in Finance codes 358, 363 and 366 Costing > \$100,000 per Site

Finance	Category	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
347	Physical Hazards	\$125,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
349	Other Hazardous Materials	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000
352	Environmental Health & Safety Management	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000
358	Asbestos Removal and Encapsulation	\$0	\$0	\$0	\$0	\$0	\$130,000	\$0	\$0	\$0	\$200,000
363	Fire Safety	\$0	\$0	\$0	\$0	\$150,000	\$0	\$0	\$0	\$0	\$0
366	Indoor Air Quality	\$0	\$0	\$0	\$0	\$130,000	\$170,000	\$0	\$50,000	\$0	\$0
Total Health and Safety Capital Projects		\$415,000	\$290,000	\$290,000	\$290,000	\$570,000	\$590,000	\$290,000	\$340,000	\$290,000	\$490,000

Health and Safety, Projects Costing > \$100,000 per Site

Finance	Category	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
358	Asbestos Removal and Encapsulation	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
363	Fire Safety	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
366	Indoor Air Quality	\$550,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Health and Safety Capital Projects \$100,000 or More		\$660,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Remodeling for Pre-K instruction approved under M.S. 124D.151

Finance	Category	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
TBD	Remodeling for Pre-K instruction approved by the commission	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Accessibility

Finance	Category	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
367	Accessibility	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Deferred Capital Expenditures and Maintenance Projects

Finance	Category	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
368	Building Envelope	\$0	\$100,000	\$780,000	\$0	\$0	\$70,000	\$0	\$1,350,000	\$1,000,000	\$0
369	Building Hardware and Equipment	\$125,000	\$0	\$0	\$0	\$0	\$4,500	\$0	\$0	\$0	\$0
370	Electrical	\$625,000	\$0	\$0	\$100,000	\$100,000	\$0	\$0	\$0	\$0	\$0
379	Interior Surfaces	\$125,000	\$560,000	\$0	\$0	\$0	\$30,000	\$0	\$50,000	\$500,000	\$720,000
380	Mechanical Systems	\$200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,200,000
381	Plumbing	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
382	Professional Services and Salary	\$165,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
383	Roof Systems	\$0	\$1,200,000	\$0	\$840,000	\$495,000	\$571,894	\$1,930,000	\$325,000	\$0	\$0
384	Site Projects	\$1,670,000	\$50,000	\$250,000	\$0	\$50,000	\$675,000	\$0	\$0	\$0	\$0
Total Deferred Capital Expense and Maintenance		\$2,960,000	\$1,910,000	\$1,030,000	\$940,000	\$645,000	\$1,351,394	\$1,930,000	\$1,725,000	\$1,500,000	\$1,200,000

Total Annual 10 Year Plan Expenditures	\$4,035,000	\$2,200,000	\$1,320,000	\$1,230,000	\$1,215,000	\$1,941,394	\$2,220,000	\$2,065,000	\$1,790,000	\$2,410,000
									TOTAL	\$20,426,394

LONG-TERM FACILITY MAINTENANCE - TEN-YEAR PLAN

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PROJECTS BY YEAR

JULY 1, 2018 TO JUNE 30, 2027

PENDING DULUTH SCHOOL BOARD APPROVAL MAY 30, 2017

BUDGET YEAR FY18

SITE	WORK ITEM DESCRIPTION	ESTIMATED COST
	FUND BALANCE AS OF 5/1/2017	\$368,000
	LEVY FY 18 (PAY 2017)	\$2,057,466
	LTFMR BOND	\$3,600,000
	TOTAL REVENUE	\$6,025,466
DISTRICT WIDE	Health and Safety Management	\$170,000
DISTRICT WIDE	Environmental Health and Safety Projects District-Wide	\$120,000
DISTRICT WIDE	Rubber Mulch Replacement	\$900,000
ROCKRIDGE	Professional Services	\$165,000
ROCKRIDGE	Repair Damaged Bituminous Drive and walks	\$200,000
ROCKRIDGE	Repair Failed Mechanical Systems	\$250,000
ROCKRIDGE	Repair Failed Ventilation Systems	\$300,000
ROCKRIDGE	Replace Failed Finishes	\$125,000
ROCKRIDGE	Electrical: Replace Failed lighting	\$250,000
ROCKRIDGE	Electrical - High and Low Voltage Renovation	\$125,000
ROCKRIDGE	Replace Outdated Non Reliable Fire Alarm / BAS / other electronic control systems	\$450,000
ROCKRIDGE	Replace Rusted Doors and Hardware	\$125,000
ROCKRIDGE	Upgrade non ADA compliant fixtures	\$75,000
ROCKRIDGE	Replace outdated non reliable non compliant kitchen equipment	\$125,000
ROCKRIDGE	Replace non functioning and non code complaint kitchen hoods	\$150,000
ROCKRIDGE	Asbestos Abatement	\$10,000
ROCKRIDGE	Site Grading / Water Management	\$50,000
STOWE	Replace Damaged & Non-CPSC Playgrnd Equip & fall protection, failed hard surface & drainage	\$445,000
	TOTAL PROJECT EXPENDITURES	\$4,035,000
DEBT SERVICE	Bond Repayment	\$790,000
	TOTAL LTFM EXPENDITURES	\$4,825,000
	BALANCE AVAILABLE - FUND BALANCE FOR FY19	\$1,200,466
	LTFM BOND PROCEEDS FOR ROCKRIDGE	\$2,400,000

BUDGET YEAR FY19

SITE	WORK ITEM DESCRIPTION	ESTIMATED COST
	FUND BALANCE AS OF 7/1/2018	\$1,200,466
	LEVY FY 19 (PAY 2018)	\$2,057,466
	TOTAL REVENUE	\$3,257,932
DENFELD	Replace failed stairwell ceiling finishes	\$500,000
DISTRICT WIDE	Health and Safety Management	\$170,000
DISTRICT WIDE	Environmental Health and Safety Projects District-Wide	\$120,000
LAKEWOOD	Roof System: Replace Roof	\$1,200,000
ORDEAN EAST	Exterior Door Replacement - 8 leaf hollow metal/wood to Aluminum	\$100,000
ORDEAN EAST	24yr Old Gym Floor Refinish	\$60,000
DENFELD	Repair/replace damaged and degraded sidewalk 6th Street & concrete aprons	\$50,000
	TOTAL PROJECT EXPENDITURES	\$2,200,000
DEBT SERVICE	Bond Repayment	\$790,000
	TOTAL LTFM EXPENDITURES	\$2,990,000
	BALANCE AVAILABLE - FUND BALANCE FOR FY20	\$267,932
	LTFM BOND PROCEEDS FOR LAKEWOOD ROOF	\$1,200,000

LONG-TERM FACILITY MAINTENANCE - TEN-YEAR PLAN

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PROJECTS BY YEAR

JULY 1, 2018 TO JUNE 30, 2027

PENDING DULUTH SCHOOL BOARD APPROVAL MAY 30, 2017

BUDGET YEAR FY20

SITE	WORK ITEM DESCRIPTION	ESTIMATED COST
	<i>FUND BALANCE AS OF 7/1/2019</i>	\$267,932
	<i>LEVY FY 20 (PAY 2019)</i>	\$2,057,466
	<i>TOTAL REVENUE</i>	\$2,325,398
CONGDON	Exterior Wall Restoration: Brick Replacement Tuck Pointing and Brick Repair	\$280,000
CONGDON	Exterior: Replace 150 exterior windows due to operational failure and leaking	\$500,000
DENFELD	Repair Resurface Track	\$250,000
DISTRICT WIDE	Health and Safety Management	\$170,000
DISTRICT WIDE	Environmental Health and Safety Projects District-Wide	\$120,000
HOMECROFT	Replace non supported and unserviceable CCTV Components	\$50,000
LAKWOOD	Replace non supported and unserviceable CCTV Components	\$50,000
	TOTAL PROJECT EXPENDITURES	\$1,320,000
DEBT SERVICE	Bond Repayment	\$790,000
	TOTAL LTFM EXPENDITURES	\$2,110,000
	BALANCE AVAILABLE - FUND BALANCE FOR FY21	\$215,398

BUDGET YEAR FY21

SITE	WORK ITEM DESCRIPTION	ESTIMATED COST
	<i>FUND BALANCE AS OF 7/1/2020</i>	\$215,398
	<i>LEVY FY 21 (PAY 2020)</i>	\$2,057,466
	<i>TOTAL REVENUE</i>	\$2,272,864
DISTRICT WIDE	Health and Safety Management	\$170,000
DISTRICT WIDE	Environmental Health and Safety Projects District-Wide	\$120,000
ROCKRIDGE	Roof System: Replace Roof	\$750,000
STOWE	HVAC: Ductwork Cleaning	\$130,000
TRANSPORTATION	Roof System: Replace Roof	\$90,000
	TOTAL PROJECT EXPENDITURES	\$1,230,000
DEBT SERVICE	Bond Repayment	\$790,000
	TOTAL LTFM EXPENDITURES	\$2,020,000
	BALANCE AVAILABLE - FUND BALANCE FOR FY22	\$252,864

BUDGET YEAR FY22

SITE	WORK ITEM DESCRIPTION	ESTIMATED COST
	<i>FUND BALANCE AS OF 7/1/2021</i>	\$252,864
	<i>LEVY FY 22 (PAY 2021)</i>	\$2,057,466
	<i>TOTAL REVENUE</i>	\$2,310,330
DISTRICT WIDE	Health and Safety Management	\$170,000
DISTRICT WIDE	Environmental Health and Safety Projects District-Wide	\$120,000
EAST HIGH SCHOOL	Roof System: Replace Roof - South Class Rooms 1994	\$350,000
EAST HIGH SCHOOL	Roof System: Replace Roof - Music Wing	\$145,000
HOCHS	Fire Alarm Systems: Outdated System	\$150,000
HOMECROFT	Regrade and replace failed drainage in field area to correct wet and hazardous conditions	\$50,000
LOWELL	Replace non supported and unserviceable CCTV Components	\$50,000
STOWE	Replace non supported and unserviceable CCTV Components	\$50,000
STOWE	HVAC: Ductwork Cleaning	\$130,000
	TOTAL PROJECT EXPENDITURES	\$1,245,000
DEBT SERVICE	Bond Repayment	\$790,000
	TOTAL LTFM EXPENDITURES	\$2,005,000
	BALANCE AVAILABLE - FUND BALANCE FOR FY23	\$305,330

LONG-TERM FACILITY MAINTENANCE - TEN-YEAR PLAN

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PROJECTS BY YEAR

JULY 1, 2018 TO JUNE 30, 2027

PENDING DULUTH SCHOOL BOARD APPROVAL MAY 30, 2017

BUDGET YEAR FY23

SITE	WORK ITEM DESCRIPTION	ESTIMATED COST
	FUND BALANCE AS OF 7/1/2022	\$305,330
	LEVY FY 23 (PAY 2022)	\$2,057,466
	TOTAL REVENUE	\$2,362,796
DISTRICT WIDE	Health and Safety Management	\$170,000
DISTRICT WIDE	Environmental Health and Safety Projects District-Wide	\$120,000
HOCHS	Roof System: Replace original Roof Slate 1926 Addition	\$571,894
HOCHS	Vehicular Paving: Resurface Asphalt Parking Lots	\$75,000
HOCHS	Repair/Replace Exterior Stairs	\$600,000
HOCHS	Exterior Doors: Replace Overhead Doors	\$70,000
HOCHS	Interior Doors: Replace Boiler Room Door	\$4,500
HOCHS	Superstructure: Replace Steel Beams under front entrance destroyed by corrosion	\$30,000
HOCHS	Repair/replace temperature control system (Fy26 Proj. Phased Levy)	\$170,000
HOCHS	Hazardous Components: Abatement	\$50,000
HOCHS	Hazardous Components: Abatement	\$80,000
	TOTAL LTFM/PROJECT EXPENDITURES	\$1,941,394
	BALANCE AVAILABLE - FUND BALANCE FOR FY24	\$421,402

BUDGET YEAR FY24

SITE	WORK ITEM DESCRIPTION	ESTIMATED COST
	FUND BALANCE AS OF 7/1/2023	\$421,402
	LEVY FY 24 (PAY 2023)	\$2,057,466
	TOTAL REVENUE	\$2,478,868
DISTRICT WIDE	Health and Safety Management	\$170,000
DISTRICT WIDE	Environmental Health and Safety Projects District-Wide	\$120,000
HOCHS	Replace Concrete Roofing Tile Roofing (Fy23 Proj. Phased Levy)	\$1,800,000
HOCHS	Roof replacement sections 2B, 7B,7C,8, Boiler Roof	\$130,000
	TOTAL LTFM/PROJECT EXPENDITURES	\$2,220,000
	BALANCE AVAILABLE - FUND BALANCE FOR FY25	\$258,868

BUDGET YEAR FY25

SITE	WORK ITEM DESCRIPTION	ESTIMATED COST
	FUND BALANCE AS OF 7/1/2024	\$258,868
	LEVY FY 25 (PAY 2024)	\$2,057,466
	TOTAL REVENUE	\$2,316,334
DISTRICT WIDE	Health and Safety Management	\$170,000
DISTRICT WIDE	Environmental Health and Safety Projects District-Wide	\$120,000
EAST HIGH SCHOOL	Roof System: Replace Roof - Pool/Gym 1994 Addition	\$325,000
HOCHS	Service Tunnels: Floor Vapor Barrier	\$50,000
HOCHS	Superstructure: Patch Plaster at Exterior Walls	\$50,000
HOCHS	Exterior Restoration 1973 Addition (Loading Dock & roof level walls above) (Fy23 Proj. Phased Levy)	\$450,000
HOCHS	Exterior Wall Restoration 1926 Addition (Gym) (Fy23 Proj. Phased Levy)	\$900,000
	TOTAL LTFM/PROJECT EXPENDITURES	\$2,085,000
	BALANCE AVAILABLE - FUND BALANCE FOR FY26	\$251,334

LONG-TERM FACILITY MAINTENANCE - TEN-YEAR PLAN

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PROJECTS BY YEAR

JULY 1, 2018 TO JUNE 30, 2027

PENDING DULUTH SCHOOL BOARD APPROVAL MAY 30, 2017

BUDGET YEAR FY26

SITE	WORK ITEM DESCRIPTION	ESTIMATED COST
	<i>FUND BALANCE AS OF 7/1/2025</i>	\$251,334
	<i>LEVY FY 26 (PAY 2025)</i>	\$2,057,466
	<i>TOTAL REVENUE</i>	\$2,308,800
DISTRICT WIDE	Health and Safety Management	\$170,000
DISTRICT WIDE	Environmental Health and Safety Projects District-Wide	\$120,000
HOCHS	Exterior Windows: Replace windows (Fy23 Proj. Phased Levy)	\$1,000,000
LAKWOOD	Wall Finishes - Paint Interior	\$250,000
STOWE	Wall Finishes - Paint Interior	\$250,000
	TOTAL LTFM/PROJECT EXPENDITURES	\$1,790,000
	BALANCE AVAILABLE - FUND BALANCE FOR FY27	\$518,800

BUDGET YEAR FY27

SITE	WORK ITEM DESCRIPTION	ESTIMATED COST
	<i>FUND BALANCE AS OF 7/1/2026</i>	\$518,800
	<i>LEVY FY 27 (PAY 2026)</i>	\$2,057,466
	<i>TOTAL REVENUE</i>	\$2,576,266
DISTRICT WIDE	Health and Safety Management	\$170,000
DISTRICT WIDE	Environmental Health and Safety Projects District-Wide	\$120,000
HOCHS	HVAC: Replace Ventilation All Floors (FY26 Phased 3yr Levy)	\$1,200,000
HOCHS	Ceiling Finishes: Replace 40yr old Acoustical Ceiling Tile (FY26 Phased 3yr Levy)	\$500,000
HOCHS	Hazardous Components: Abatement (Fy26 Proj. Phased Levy)	\$200,000
LOWELL	Wall Finishes: Paint Interior	\$220,000
	TOTAL LTFM/PROJECT EXPENDITURES	\$2,410,000
	BALANCE AVAILABLE - FUND BALANCE FOR FY28	\$166,266

TOTAL PROJECT EXPENDITURES	\$20,426,394
TOTAL LTFM EXPENDITURES (INCLUDES BOND REPAYMENT FY18-FY22)	\$24,376,394

Section 3

LONG-TERM FACILITY MAINTENANCE - TEN-YEAR PLAN
PROJECTS BY SITE
JULY 1, 2018 TO JUNE 30, 2027
PENDING DULUTH SCHOOL BOARD APPROVAL MAY 30, 2017

CONGDON ES

BUDGET YEAR	WORK ITEM DESCRIPTION	ESTIMATED COST
FY20	Exterior Wall Restoration: Brick Replacement Tuck Pointing and Brick Repair	\$280,000
FY20	Exterior: Replace 150 exterior windows due to operational failure and leaking	\$500,000
	FY19 TOTAL	\$780,000
	10 YR TOTAL	\$780,000

DENFELD HS

BUDGET YEAR	WORK ITEM DESCRIPTION	ESTIMATED COST
FY18	Repair/replace damaged and degraded sidewalk 6th Street & concrete aprons	\$50,000
	FY18 TOTAL	\$50,000
FY19	Replace failed stairwell ceiling finishes	\$500,000
	FY19 TOTAL	\$500,000
FY20	Repair Resurface Track	\$250,000
	FY20 TOTAL	\$250,000
	10 YR TOTAL	\$800,000

DISTRICT WIDE

BUDGET YEAR	WORK ITEM DESCRIPTION	ESTIMATED COST
FY18	Health and Safety Management	\$170,000
FY18	Environmental Health and Safety Projects District-Wide	\$120,000
FY18	Rubber Mulch Replacement	\$900,000
	FY18 TOTAL	\$1,190,000
FY19	Health and Safety Management	\$170,000
FY19	Environmental Health and Safety Projects District-Wide	\$120,000
	FY19 TOTAL	\$290,000
FY20	Health and Safety Management	\$170,000
FY20	Environmental Health and Safety Projects District-Wide	\$120,000
	FY20 TOTAL	\$290,000
FY21	Health and Safety Management	\$170,000
FY21	Environmental Health and Safety Projects District-Wide	\$120,000
	FY21 TOTAL	\$290,000
FY22	Health and Safety Management	\$170,000
FY22	Environmental Health and Safety Projects District-Wide	\$120,000
	FY22 TOTAL	\$290,000
FY23	Health and Safety Management	\$170,000
FY23	Environmental Health and Safety Projects District-Wide	\$120,000
	FY23 TOTAL	\$290,000
FY24	Health and Safety Management	\$170,000
FY24	Environmental Health and Safety Projects District-Wide	\$120,000
	FY24 TOTAL	\$290,000
FY25	Health and Safety Management	\$170,000
FY25	Environmental Health and Safety Projects District-Wide	\$120,000
	FY25 TOTAL	\$290,000

LONG-TERM FACILITY MAINTENANCE - TEN-YEAR PLAN
PROJECTS BY SITE
JULY 1, 2018 TO JUNE 30, 2027
PENDING DULUTH SCHOOL BOARD APPROVAL MAY 30, 2017

DISTRICT WIDE

BUDGET YEAR	WORK ITEM DESCRIPTION	ESTIMATED COST
FY26	Health and Safety Management	\$170,000
FY26	Environmental Health and Safety Projects District-Wide	\$120,000
	FY26 TOTAL	\$290,000
FY27	Health and Safety Management	\$170,000
FY27	Environmental Health and Safety Projects District-Wide	\$120,000
	FY27 TOTAL	\$290,000
	10 YR TOTAL	\$3,800,000

EAST HS

BUDGET YEAR	WORK ITEM DESCRIPTION	ESTIMATED COST
FY22	Roof System: Replace Roof - South Class Rooms 1994	\$350,000
FY22	Roof System: Replace Roof - Music Wing	\$145,000
	FY22 TOTAL	\$495,000
FY25	Roof System: Replace Roof - Pool/Gym 1994 Addition	\$325,000
	FY25 TOTAL	\$325,000
	10 YR TOTAL	\$820,000

HOCHS

BUDGET YEAR	WORK ITEM DESCRIPTION	ESTIMATED COST
FY22	Fire Alarm Systems: Outdated System	\$150,000
	FY22 TOTAL	\$150,000
FY23	Roof System: Replace original Roof Slate 1926 Addition	\$571,894
FY23	Vehicular Paving: Resurface Asphalt Parking Lots	\$75,000
FY23	Repair/Replace Exterior Stairs	\$600,000
FY23	Exterior Doors: Replace Overhead Doors	\$70,000
FY23	Interior Doors: Replace Boiler Room Door	\$4,500
FY23	Superstructure: Replace Steel Beams under front entrance destroyed by corrosion	\$30,000
FY23	Repair/replace temperature control system (Fy26 Proj. Phased Levy)	\$170,000
FY23	Hazardous Components: Abatement	\$50,000
FY23	Hazardous Components: Abatement	\$80,000
	FY23 TOTAL	\$1,651,394
FY24	Replace Concrete Roofing Tile Roofing (Fy23 Proj. Phased Levy)	\$1,800,000
FY24	Roof replacement sections 2B, 7B,7C,8, Boiler Roof	\$130,000
	FY24 TOTAL	\$1,930,000
FY25	Service Tunnels: Floor Vapor Barrier	\$50,000
FY25	Superstructure: Patch Plaster at Exterior Walls	\$50,000
FY25	Exterior Restoration 1973 Addition (Loading Dock & roof level walls above) (Fy23 Proj. Phased Levy)	\$450,000
FY25	Exterior Wall Restoration 1926 Addition (Gym) (Fy23 Proj. Phased Levy)	\$900,000
	FY25 TOTAL	\$1,450,000
FY26	Exterior Windows: Replace windows (Fy23 Proj. Phased Levy)	\$1,000,000
	FY26 TOTAL	\$1,000,000

LONG-TERM FACILITY MAINTENANCE - TEN-YEAR PLAN
PROJECTS BY SITE
JULY 1, 2018 TO JUNE 30, 2027
PENDING DULUTH SCHOOL BOARD APPROVAL MAY 30, 2017

HOCHS

BUDGET YEAR	WORK ITEM DESCRIPTION	ESTIMATED COST
FY27	HVAC: Replace Ventilation All Floors (FY26 Phased 3yr Levy)	\$1,200,000
FY27	Ceiling Finishes: Replace 40yr old Acoustical Ceiling Tile (FY26 Phased 3yr Levy)	\$500,000
FY27	Hazardous Components: Abatement (FY26 Proj. Phased Levy)	\$200,000
	FY27 TOTAL	\$1,900,000
	10 YR TOTAL	\$8,081,394

HOMECROFT ES

BUDGET YEAR	WORK ITEM DESCRIPTION	ESTIMATED COST
FY20	Replace non supported and unserviceable CCTV Components	\$50,000
	FY20 TOTAL	\$50,000
FY22	Regrade and replace failed drainage in field area to correct wet and hazardous conditions	\$50,000
	FY22 TOTAL	\$50,000
	10 YR TOTAL	\$100,000

LAKWOOD ES

BUDGET YEAR	WORK ITEM DESCRIPTION	ESTIMATED COST
FY19	Roof System: Replace Roof	\$1,200,000
	FY19 TOTAL	\$1,200,000
FY20	Replace non supported and unserviceable CCTV Components	\$50,000
	FY20 TOTAL	\$50,000
FY26	Wall Finishes - Paint Interior	\$250,000
	FY26 TOTAL	\$250,000
	10 YR TOTAL	\$1,500,000

LOWELL ES

BUDGET YEAR	WORK ITEM DESCRIPTION	ESTIMATED COST
FY22	Replace non supported and unserviceable CCTV Components	\$50,000
	FY22 TOTAL	\$50,000
FY27	Wall Finishes: Paint Interior	\$220,000
	FY27 TOTAL	\$220,000
	10 YR TOTAL	\$270,000

ORDEAN MS

BUDGET YEAR	WORK ITEM DESCRIPTION	ESTIMATED COST
FY19	Exterior Door Replacement - 8 leaf hollow metal/wood to Aluminum	\$100,000
FY19	24yr Old Gym Floor Refinish	\$60,000
	FY19 TOTAL	\$160,000
	10 YR TOTAL	\$160,000

LONG-TERM FACILITY MAINTENANCE - TEN-YEAR PLAN
PROJECTS BY SITE
JULY 1, 2018 TO JUNE 30, 2027
PENDING DULUTH SCHOOL BOARD APPROVAL MAY 30, 2017

ROCKRIDGE

BUDGET YEAR	WORK ITEM DESCRIPTION	ESTIMATED COST
FY18	Professional Services	\$165,000
FY18	Repair Damaged Bituminous Drive and walks	\$200,000
FY18	Repair Failed Mechanical Systems	\$250,000
FY18	Repair Failed Ventilation Systems	\$300,000
FY18	Replace Failed Finishes	\$125,000
FY18	Electrical: Replace Failed lighting	\$250,000
FY18	Electrical - High and Low Voltage Renovation	\$125,000
FY18	Replace Outdated Non Reliable Fire Alarm / BAS / other electronic control systems	\$450,000
FY18	Replace Rusted Doors and Hardware	\$125,000
FY18	Upgrade non ADA compliant fixtures	\$75,000
FY18	Replace outdated non reliable non compliant kitchen equipment	\$125,000
FY18	Replace non functioning and non code complaint kitchen hoods	\$150,000
FY18	Asbestos Abatement	\$10,000
FY18	Site Grading / Water Management	\$50,000
	FY18 TOTAL	\$2,400,000
FY21	Roof System: Replace Roof	\$750,000
	FY21 TOTAL	\$750,000
	10 YR TOTAL	\$3,150,000

STOWES

BUDGET YEAR	WORK ITEM DESCRIPTION	ESTIMATED COST
FY18	Replace Damaged & Non-CPSC Playgrnd Equip & fall protection, failed hard surface & drainage	\$445,000
	FY18 TOTAL	\$445,000
FY21	HVAC: Ductwork Cleaning	\$130,000
	FY21 TOTAL	\$130,000
FY22	Replace non supported and unserviceable CCTV Components	\$50,000
	FY22 TOTAL	\$50,000
FY26	Wall Finishes - Paint Interior	\$250,000
	FY26 TOTAL	\$250,000
	10 YR TOTAL	\$875,000

TRANSPORTATION

BUDGET YEAR	WORK ITEM DESCRIPTION	ESTIMATED COST
FY21	Roof System: Replace Roof	\$90,000
	FY21 TOTAL	\$90,000
	10 YR TOTAL	\$90,000

TOTAL LTFM PROJECT EXPENDITURES **\$20,426,394**



Independent School District No. 709, Duluth

General Obligation Facilities Maintenance Bonds

and

General Obligation Capital Facilities Bonds

STEVE PUMPER
PMA SECURITIES, INC.

MAY 30, 2017

- ISD 709 wishes to remodel and make repairs to the Rockridge school building to make it useable for a residential program that is being displaced due to the closing of the old Cobb Elementary building run and owned by The Hills
 - The remodel portion is estimated to cost approximately \$600,000
 - The repairs are estimated to cost approximately \$2,400,000
 - Health & Safety Items \$ 660,000
 - Deferred Maintenance Items \$1,740,000

- In addition, ISD 709 wishes to re-roof Lakewood Elementary School at an estimated cost of \$1,200,000

- The District does not have enough Capital revenue in FY18 to fund the remodel project at Rockridge.
- The District does not have enough Long Term Facility Maintenance revenue in FY18 to fund the repairs at Rockridge and the new roof at Lakewood Elementary.
- Without additional revenue, completing these projects now would require budget reductions in other programming
- Minnesota State Statute allows Districts to issue G.O. Capital Facility Bonds and/or G.O. Facility Maintenance Bonds to fund current projects
 - The District receives funds to complete the projects all at once
 - The principal and interest on the bonds are paid back over time using future capital and LTFM revenue

- The Administrative recommendation is to issue up to \$3,640,000 of G.O. Facility Maintenance Bonds to fund the repair work at the Rockridge school building and the new roof at Lakewood Elementary

■ Health and Safety Items - Rockridge	\$ 660,000
■ Deferred Maintenance Items - Rockridge	\$1,740,000
■ Roof at Lakewood Elementary	\$1,200,000
■ Net Cost of Issuance of Bonds	<u>\$ 40,000</u>
Total	\$3,640,000

- Long Term Facility Maintenance Revenue is not allowed to be used for remodeling purposes, however it is lawful to use Capital Revenue for remodeling
- Therefore, the Administrative recommendation is to issue up to \$615,000 of G.O. Capital Facility Bonds to fund the remodeling work at the Rockridge school building

■ Remodeling Items - Rockridge	\$600,000
■ Net Cost of Issuance of Bonds	<u>\$ 15,000</u>
Total	\$615,000

- Issuer: Independent School District 709, Duluth Public Schools
- Financial Advisor: PMA Financial Securities
- Underwriter: Northland Securities
- Bond Counsel: Fryberger, Buchanan, Smith & Frederick, P.A.

- Finance **Repair** and **Maintenance** portion at Rockridge Building and Roof Replacement at Lakewood Elementary School
- Par Amount shall not exceed \$3,640,000
- True Interest Cost shall not exceed 3.5%
- Negotiated Sale with Northland Securities
- Any Board Officer and Superintendent or CFO/Executive Director of Business Services Authorized to Execute Bond Purchase Agreement
- Authorization expires August 15, 2017

- Finance **Renovation** and **Remodeling** portion at Rockridge Building
- Par Amount shall not exceed \$615,000
- True Interest Cost shall not exceed 3.5%
- Negotiated Sale with Northland Securities
- Any Board Officer and Superintendent or CFO/Executive Director of Business Services Authorized to Execute Bond Purchase Agreement
- Authorization expires August 15, 2017

5 Year Issues

LTFM Par Amount	\$	3,640,000
Capital Facility Par Amount	\$	615,000

	LTFM		Capital Facility	
Fiscal Year 2018	\$	766,602	\$	131,184
Fiscal Year 2019	\$	763,200	\$	129,800
Fiscal Year 2020	\$	764,100	\$	127,400
Fiscal Year 2021	\$	764,700	\$	130,000
Fiscal Year 2022	\$	765,000	\$	127,500

Estimated Total Financing Cost

Interest	\$	183,602	\$	30,884
Less Premium	\$	(15,532)	\$	(2,634)
Plus Cost of Issuance	\$	54,388	\$	15,182
Total Cost	\$	222,458	\$	43,433

True Interest Cost	1.99%	1.99%
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Projected Timeline

- May 30th – School Board Meeting Authorizing Resolutions
 - 10 year LTFM Plan
 - G.O. Facilities Maintenance Bonds
 - G.O. Capital Facilities Bonds

- May 31st - Submit Revised LTFM Plan to MDE for Approval
Submit Capital Project description to MDE for Approval

- June 1st – Publish Legal Notice in paper for G.O. LTFM Bonds
(20 Day Requirement)
Publish Legal Notice in paper for Capital Facilities Bonds
(30 Day Requirement)

- June 28th - Rating Call

- July 11th – Price Bonds

- July 18th – Regular School Board Meeting
 - Ratify Bond Sale

- July 31st – District receives Construction funds

Disclaimer

The information contained herein is solely intended to suggest/discuss potentially applicable financing applications and is not intended to be a specific buy/sell recommendation, nor is it an official confirmation of terms. Any terms discussed herein are preliminary until confirmed in a definitive written agreement.

The analysis or information presented herein is based upon hypothetical projections and/or past performance that have certain limitations. No representation is made that it is accurate or complete or that any results indicated will be achieved. In no way is past performance indicative of future results, and investment information can be subject to change due to market conditions. Changes to any prices, levels, or assumptions contained herein may have a material impact on results. Any estimates or assumptions contained herein represent our best judgment as of the date indicated and are subject to change without notice. Examples are merely illustrative and are not meant to be all-inclusive.

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Scenarios where a greater portion of the overall debt is issued in advance of the expenditures of the proceeds will likely result in higher fees earned by the manager of the debt proceeds.

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RESOLUTION
APPROVING TEN-YEAR FACILITIES PLAN – FY2018 UPDATE

BE IT RESOLVED, by the School Board of Independent School District No. 709, St. Louis County, State of Minnesota, that the Ten-Year Facilities Plan – FY2018 Update, including the issuance of General Obligation Facilities Maintenance Bonds in 2017 in an amount not to exceed \$3,640,000 (the “Plan”), is approved.

BE IT FURTHER RESOLVED, that the Superintendent and/or the CFO/Executive Director of Business Services shall submit such Plan to the Commissioner of Education for approval of the Plan and the School District’s issuance of such Bonds.

RESOLUTION
ISSUANCE OF GENERAL OBLIGATION FACILITIES MAINTENANCE
BONDS, SERIES 2017A

BE IT RESOLVED, by the School Board (the “Board”) of Independent School District No. 709 (Duluth), located in St. Louis County, Minnesota (the “District”), as follows:

Section 1. Authority. Under and pursuant to the authority contained in Minnesota Statutes, Section 123B.595 (the “Act”), and Minnesota Statutes, Chapter 475, the District is authorized to issue general obligation bonds to provide funds to finance repairs and replacements contained in the District’s ten-year facility plan under the Act, as updated for FY2018 (the “Plan”), as approved by the School Board. The Plan and the authorization to issue general obligation bonds to finance elements of the Plan shall be submitted to the Commissioner of Education for approval. The Plan is incorporated in this resolution as though fully specified herein.

Section 2. The Bonds. The Board hereby determines that it is necessary, expedient and in the best educational interest of the District’s pupils and residents that the District issue, sell and deliver its General Obligation Facilities Maintenance Bonds, Series 2017A (the “Bonds”), in the maximum principal amount of \$3,640,000, pursuant to Minnesota Statutes, Section 123B.595, and Chapter 475, for the purpose of providing funds to (i) renovate the Rockridge Elementary building; (ii) replace the Lakewood Elementary School roof; and (iii) pay costs associated with issuance of the Bonds (the “Project”).

Section 3. Sale of the Bonds.

3.01 The District’s administrative staff is hereby authorized and directed to work with Northland Securities, Inc. (“Northland”), as Underwriter for the Bonds. Northland will purchase the Bonds in an arms-length commercial transaction with the District. The Board has determined to retain PMA Securities, Inc. (“PMA”), to act as an independent financial advisor to provide bond pricing opinion services for the purposes set forth in Minnesota Statutes, Section 475.60, Subdivision 2(9), as amended. Fryberger, Buchanan, Smith & Frederick, P.A., will serve as bond counsel to arrange for the sale of the Bonds.

3.02 Subject to receipt of approval of the Plan and the issuance of the Bonds from the Commissioner of Education, any officer of the District and the Superintendent or CFO/Executive Director of Business Services (the “Pricing Committee”), are hereby authorized to approve the sale of the Bonds and to execute a bond purchase agreement for the purchase of the Bonds with Northland, provided the principal amount of the Bonds does not exceed \$3,640,000 and the TIC does not exceed 3.5% on the Bonds.

3.03 Upon approval of the sale of the Bonds by the Pricing Committee, the School Board will take action at a regular or special meeting to adopt the necessary approving resolution prepared by the District’s bond counsel.

3.04 PMA is authorized to prepare and Northland is authorized to distribute an Official Statement related to the sale of the Bonds.

3.05 If the Pricing Committee has not approved the sale of the Bonds to Northland and executed the related bond purchase agreement by August 15, 2017, this resolution shall expire.

Section 4. Repayment of Bonds. The form, specifications and provisions for repayment of the Bonds shall be set forth in a subsequent resolution of the School Board (the “Resolution”).

Section 5. Minnesota School District Credit Enhancement Program.

5.01 The District hereby covenants and obligates itself to notify the Commissioner of Education of a potential default in the payment of principal and interest on the Bonds and to use the provisions of Minnesota Statutes, Section 126C.55 to guarantee payment of the principal and interest on the Bonds when due. The District further covenants to deposit with the bond registrar and paying agent for the Bonds to be designated in the Resolution or any successor paying agent (the “Bond Registrar”) three days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the Commissioner of Education that it will be unable to make all or a portion of that payment. The Bond Registrar for the Bonds is authorized and directed to notify the Commissioner of Education if it becomes aware of a potential default in the payment of principal or interest on the Bonds or if, on the day two business days prior to the date a payment is due on the Bonds, there are insufficient funds to make that payment on deposit with the Bond Registrar. The District understands that as a result of its covenant to be bound by the provisions of Minnesota Statutes, Section 126C.55, the provisions of that section shall be binding as long as any Bonds of this issue remain outstanding.

5.02 The District further covenants to comply with all procedures now or hereafter established pursuant to Minnesota Statutes, Section 126C.55, Subdivision 2(c) by the Minnesota Department of Management and Budget and the Minnesota Department of Education and otherwise to take such actions as necessary to comply with that section. The Chair, Clerk, Superintendent or CFO/Executive Director of Business Services is authorized to execute any applicable Minnesota Department of Education forms.

Section 6. Notice of Intent to Issue Bonds. Pursuant to the requirements of the Act, the CEO/Executive Director of Business Services shall cause the publication in the official newspaper of the District a notice of intent to issue the Bonds for the Project.

Section 7. Declaration of Official Intent. This resolution constitutes a declaration of official intent under Treasury Regulations Section 1.150-2. The District reasonably expects to construct all or a portion of the Project prior to the issuance of the Bonds and to reimburse expenditures incurred with respect to such Project with the proceeds of the Bonds.

RESOLUTION
ISSUANCE OF GENERAL OBLIGATION CAPITAL FACILITIES BONDS,
SERIES 2017B

BE IT RESOLVED, by the School Board (the “Board”) of Independent School District No. 709 (Duluth), located in St. Louis County, Minnesota (the “District”), as follows:

Section 1. Authority. Under and pursuant to the authority contained in Minnesota Statutes, Section 123B.62 (the “Act”), and Minnesota Statutes, Chapter 475, the District is authorized to issue general obligation bonds to provide funds to finance capital improvements, including improvements and repairs to school sites and buildings, as approved by the School Board and the Commissioner of Education.

Section 2. The Bonds. The Board hereby determines that it is necessary, expedient and in the best educational interest of the District’s pupils and residents that the District issue, sell and deliver its General Obligation Capital Facilities Bonds, Series 2017B (the “Bonds”), in the maximum principal amount of \$615,000, pursuant to Minnesota Statutes, Section 123B.62, and Chapter 475, for the purpose of providing funds to (i) repair and renovate the Rockridge Elementary building and (ii) pay costs associated with issuance of the Bonds (the “Project”).

Section 3. Sale of the Bonds.

3.01 The District’s administrative staff is hereby authorized and directed to work with Northland Securities, Inc. (“Northland”), as underwriter for the Bonds. Northland will purchase the Bonds in an arms-length commercial transaction with the District. The Board has determined to retain PMA Securities, Inc. (“PMA”), to act as an independent financial advisor to provide bond pricing opinion services for the purposes set forth in Minnesota Statutes, Section 475.60, Subdivision 2(9), as amended. Fryberger, Buchanan, Smith & Frederick, P.A., will serve as bond counsel to arrange for the sale of the Bonds.

3.02 Subject to approval of the issuance of the Bonds by the Commissioner of Education and subject to no petition for referendum being filed, as described in Section 6.02, any officer of the District and the Superintendent or CFO/Executive Director of Business Services (the “Pricing Committee”), are hereby authorized to approve the sale of the Bonds and to execute a bond purchase agreement for the purchase of the Bonds with Northland, provided the principal amount of the Bonds does not exceed \$615,000 and the TIC does not exceed 3.5% on the Bonds.

3.03 Upon approval of the sale of the Bonds by the Pricing Committee, the School Board will take action at a regular or special meeting to adopt the necessary approving resolution prepared by the District’s bond counsel.

3.04 PMA is authorized to prepare and Northland is authorized to distribute an Official Statement related to the sale of the Bonds.

3.05 If the Pricing Committee has not approved the sale of the Bonds to Northland and executed the related bond purchase agreement by August 15, 2017, this resolution shall expire.

Section 4. Repayment of Bonds. The form, specifications and provisions for repayment of the Bonds shall be set forth in a subsequent resolution of the School Board (the “Resolution”).

Section 5. Minnesota School District Credit Enhancement Program.

5.01 The District hereby covenants and obligates itself to notify the Commissioner of Education of a potential default in the payment of principal and interest on the Bonds and to use the provisions of Minnesota Statutes, Section 126C.55 to guarantee payment of the principal and interest on the Bonds when due. The District further covenants to deposit with the bond registrar and paying agent for the Bonds to be designated in the Resolution or any successor paying agent (the “Bond Registrar”) three days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the Commissioner of Education that it will be unable to make all or a portion of that payment. The Bond Registrar for the Bonds is authorized and directed to notify the Commissioner of Education if it becomes aware of a potential default in the payment of principal or interest on the Bonds or if, on the day two business days prior to the date a payment is due on the Bonds, there are insufficient funds to make that payment on deposit with the Bond Registrar. The District understands that as a result of its covenant to be bound by the provisions of Minnesota Statutes, Section 126C.55, the provisions of that section shall be binding as long as any Bonds of this issue remain outstanding.

5.02 The District further covenants to comply with all procedures now or hereafter established pursuant to Minnesota Statutes, Section 126C.55, Subdivision 2(c) by the Minnesota Department of Management and Budget and the Minnesota Department of Education and otherwise to take such actions as necessary to comply with that section. The Chair, Clerk, Superintendent or CFO/Executive Director of Business Services is authorized to execute any applicable Minnesota Department of Education forms.

Section 6. Notice to Voters; Referendum.

6.01 The Clerk shall publish a notice of intent to issue the Bonds in substantially the form attached hereto as Exhibit A as soon as practicable in the official newspaper of the District.

6.02. If, within 30 days after May 30, 2017, a petition is filed with the Board calling for a vote on the proposition of issuing the Bonds, signed by more than 15% of the registered voters of the District, the Bonds shall not be issued until the question of their issuance has been authorized by a majority of the voters voting on the question at a general or special election called to decide the question. The percentage set forth above shall be determined with reference to the number of registered voters of the District on the last day before the petition is filed with the Board.

Section 7. Declaration of Official Intent. This resolution constitutes a declaration of official intent under Treasury Regulations Section 1.150-2. The District reasonably expects to construct all or a portion of the Project prior to the issuance of the Bonds and to reimburse expenditures incurred with respect to such Project with the proceeds of the Bonds.

EXHIBIT A

**NOTICE OF INTENT TO ISSUE CAPITAL FACILITIES BONDS
PURSUANT TO MINNESOTA STATUTES, SECTION 123B.62
INDEPENDENT SCHOOL DISTRICT NO. 709
(DULUTH)**

NOTICE IS HEREBY GIVEN that under and pursuant to the authority contained in Minnesota Statutes, Section 123B.62, and Minnesota Statutes, Chapter 475, the School Board (the “Board”) of Independent School District No. 709 (Duluth) (the “District”), is authorized to issue general obligation capital facilities bonds to provide funds for capital improvements, including improvements and repairs to school sites and buildings. The Board by resolution adopted May 30, 2017, determined that it is necessary, expedient, and in the best educational interest of the District’s pupils and residents that the District issue, sell and deliver its general obligation capital facilities bonds (the “Bonds”) in an amount not to exceed \$615,000 to provide funds to repair and renovate the Rockridge Elementary building (the “Project”).


If, within 30 days after May 30, 2017, a petition is filed with the Board calling for a referendum on the question of whether the District should issue the Bonds for the Project, signed by more than 15% of the registered voters of the District, the Bonds shall not be issued until the question of their issuance has been authorized by a majority of the voters voting on the question at the next general or special election called to decide the question. The percentage is to be determined with reference to the number of registered voters of the District on the last day before the petition is filed with the Board.

Dated May 30, 2017

/s/ Annie Harala, Clerk
Independent School District No. 709

Memorandum

To: Doug Hasler
School Board Members

From: Dave Spooner 

Date: May 25, 2017

Re: BID #1259 – Stowe Elementary Playground Improvements

The above bid was advertised according to statute and School Board Policy. Four (4) bids were received in response to the School District's notice for bids for the Stowe Elementary Playground Improvement Project. The attached Bid Tab and recommendation letter reflect the bids received related to the scope of work.

To achieve the most cost effective price, this project to renovate the playground at Stowe contains both work that was bid, along with direct purchase of play equipment and installation off of the state contract. The combination of the two procurement methods will result in a project sum of \$445,737.

Recommendation:

It is recommended that the Duluth School Board approve entering into an agreement with A Plus Landscaping, LLC, as listed on the recommendation letter based on their low responsible base bid of \$286,861, plus add alternate 1 for the sum of \$23,900, for a total of \$310,761 as provided in response to BID #1259 – Stowe Elementary Playground Improvements. Included in this recommendation is that the School Board Chair be authorized to sign contract documents reflecting the terms of this agreement.

Enclosures



11 East Superior Street, Suite 420
Duluth, MN 55802
218.724.8578
tkda.com

May 25, 2017

David Spooner
Facilities Manager
Independent School District 709
215 N 1st Ave E
Duluth, MN 55802

Re: Stowe Elementary Playground Improvements

TKDA Project No. 16412.000

Dear Mr. Spooner:

Based on the bids received Tuesday, May 23, 2017 for the above referenced project TKDA recommends that the award of the Base Bid and Add Alternate #1 be made to the low bidder A Plus Landscaping, LLC for their low bid as detailed on the attached Bid Tabulation Form.

Included with this award recommendation is an additional recommendation for Flagship Contracting to furnish and install playground equipment under state contract number 119795 in the amount of \$134,975.79.

If you have any question or concerns, please contact me at your convenience. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jon Loye'.

Jon Loye

218.491.7387
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Attachments:
Bid Tabulation

Stowe Elementary Playground Improvements

Project #1259

Duluth Public Schools, ISD 709 Duluth, MN

BID TABULATION FORM, bid opening 5.23.2017, 2:00p.m.

Bidder	Base Bid	Bid Bond Present	Alternate No. 1 acknowledgement	Alternate No. 1	Unit Price No. 1	Unit Price No. 2	Unit Price No. 3	Unit Price No. 4	Unit Price No. 5	Unit Price No. 6
A Plus Landscaping	\$ 286,861.00	x	x	\$ 23,900.00	\$ 12.00	\$ 22.00	\$ 35.00	\$ 35.00	\$ 10.00	\$ 10.00
KTM	\$ 451,424.07	x	x	\$ 44,874.70	\$ 15.01	\$ 26.59	\$ 38.37	\$ 53.58	\$ 7.11	\$ 15.36
New Look Contracting	\$ 342,500.00	x	x	\$ 34,150.00	\$ 35.00	\$ 65.00	\$ 65.00	\$ 65.00	\$ 8.50	\$ 11.00
Sinnott Paving	\$ 300,000.00	x	x	\$ 62,000.00	\$ 20.00	\$ 27.00	\$ 32.00	\$ 45.00	\$ 8.50	\$ 12.00

DOCUMENT 00 41 13

BID FORM

To: Independent School District 709
215 North 1st Ave East
Duluth, MN 55802

Project: Stowe Elementary Playground Improvements
715 101st Ave W, Duluth, MN 55808
Bid Number # 1259

Date: 5-23-17

Submitted by:

A Plus Landscaping, LLC.
(full name)

6150 Old Miller Tract Hwy.
(address 1)

Saginaw, MN. 55779
(city) (state) (zip)

218-729-9079, 218-428-3050
(telephone number)

218-585-6127
(fax number)

aplus.ib@gmail.com
(e-mail address)

1. BID

The undersigned, having carefully examined the site, locale, all conditions affecting the cost of the work, the Drawings, the Project Manual, and Addenda (if any); referred to herein collectively as the Contract Documents; hereby affirms and agrees to furnish all labor, materials, equipment, and other items of expense necessary to perform and complete the entire work in accordance with the Contract Documents for the following:

All labor, materials, services, and equipment necessary for completion of the Work shown on the Drawings and stated in the Project Manual for the sum of:

two hundred eighty six thousand eight hundred sixty one Dollars 00/100
(Written Amount)

(\$ 286,861.00)

2. ADD ALTERNATE

In addition to the base bid, bidders are required to bid on the add alternate. The owner has the sole discretion to accept the add alternate. All labor, materials, services, and equipment necessary for the completion of removal of existing playground equipment and fall protection removal (rubber mulch) as shown on the drawings and stated in the Project Manual for the sum of:

twenty three thousand nine hundred & no/100 Dollars
(Written Amount)

(\$ 23,900.00)

3. UNIT PRICES

- Unit Price #1 \$ 12.00 /Cubic yard
- Unit Price #2 \$ 22.00 /Cubic yard
- Unit Price #3 \$ 35.00 /Cubic yard
- Unit Price #4 \$ 35.00 /Cubic yard
- Unit Price #5 \$ 10.00 /Square foot
- Unit Price #6 \$ 10.00 /Square yard

4. ADDENDA

The following Addenda to the Contract Documents are acknowledged:

- Addenda 1 Dated 5-18-17
- Addenda _____ Dated _____
- Addenda _____ Dated _____
- Addenda _____ Dated _____

5. COMPLETION TIME

If this Bid is accepted, we shall complete the Work as stated in Document 01 10 00 – Summary of Work, Sections 1.06 - Schedule.

6. WITHDRAWAL OF BID

Bidders acknowledge that bids submitted shall be effective and may not be withdrawn for a period of sixty (60) days following the date of the bid opening. If written notice of acceptance of this bid is mailed, telegraphed, or delivered to the undersigned within sixty (60) days after the opening thereof, or at any time hereafter before this bid is withdrawn, the undersigned agrees to execute and deliver a contract in the prescribed form and furnish the required bond within ten (10) days after the Notice of Award of Contract is awarded to him for signature.

7. BID FORM SIGNATURES

Bidder A Plus Landscaping, LLC

Address 6150 Old Miller Trunk Hwy.
Saginaw, MI 48679

By [Signature]
(Signature of Person authorized to sign Bid)

Title President

8. BID SUBMISSION CHECKLIST

This checklist is provided to assist Bidders in ensuring that the bid submittal is complete.

<u>SEALED BID ENCLOSURES:</u>	<u>INCLUDED:</u> (check off)
Document 00 41 13 - Bid Form	_____
Document 00 43 13 - Bid Bond	_____
Document 00 45 19 - Bidder's Affidavit Of Non-Collusion.....	_____
Certificate of Insurance.....	_____

END OF DOCUMENT

RESPONSIBLE CONTRACTOR CERTIFICATE

Applies to all prime contracts in excess of \$50,000.00

A responsible contractor is defined in Minnesota Statutes §16C.285, subdivision 3.

Any prime contractor or subcontractor who does not meet the minimum criteria under Minnesota Statute §16C.285, subdivision 3, or who fails to verify that it meets those criteria, is not a responsible contractor and is not eligible to be awarded a construction contract for the project or to perform work on the project.

A false statement under oath verifying compliance with any of the minimum criteria shall render the prime contractor or subcontractor that makes the false statement ineligible to be awarded a construction contract for the project and may result in termination of a contract awarded to a prime contractor or subcontractor that makes a false statement.

A prime contractor shall submit to the contracting authority upon request copies of the signed verifications of compliance from all subcontractors of any tier pursuant to subdivision 3, clause 7.

By signing this statement, I, Tabatha Beier,
(type or print name)

President certify that I am an owner or officer of the company
(title)

and do verify under oath that my company is in compliance with each of the minimum criteria listed in the law.

A Plus Landscaping, LLC

(name of the person, partnership, or corporation submitting this proposal)

6150 Old Miller Trunk Hwy, Saginaw, MN 55779

(business address)

Signed:

Tabatha Beier

(bidder or authorized representative)

Date:

5-23-17

ATTACHMENT A

RESPONSIBLE CONTRACTOR AND CERTIFICATION OF COMPLIANCE

Minn. Stat. §16.285, Subd. 7, **IMPLEMENTATION.** any prime contractor or subcontractor that does not meet the minimum criteria in subdivision 3 or fails to verify it meets those criteria is not a responsible contractor and is not eligible to be awarded a construction contract for the project or to perform work on the project.

Minn. Stat. §16.285, Subd. 3. **RESPONSIBLE CONTRACTOR, MINIMUM CRITERIA.** "Responsible contractor" means a contractor that conforms to the responsibility requirements in the solicitation document for its portion of the work on the project and verifies that it meets the following minimum criteria:

1. The Contractor:
 - a. is in compliance with workers' compensation and unemployment insurance requirements;
 - b. is currently registered with the Department of Revenue and the Department of Employment and Economic Development if it has employees;
 - c. has a valid federal tax identification number or a valid Social Security number if an individual; and
 - d. has filed a certificate of authority to transact business in Minnesota with the secretary of state if a foreign corporation or cooperative.
 - e.
2. The contractor or related entity is in compliance with and, during the three-year period before submitting the verification, has not violated section 177.24, 177.25, 177.41 to 177.44, 181.13, 181.14, or 181.722, and has not violated United States Code, title 29, sections 201 to 219, or United States Code, title 40, sections 3141 to 3148. For purposes of this clause, a violation occurs when a contractor or related entity:
 - a. repeatedly fails to pay statutorily required wages or penalties on one or more separate projects for a total underpayment of \$25,000 or more within the three-year period;
 - b. has been issued an order to comply by the commissioner of labor and industry that has become final;
 - c. has been issued at least two determination letters within the three-year period by the Department of Transportation finding an underpayment by the contractor or related entity to its own employees;
 - d. has been found by the commissioner of labor and industry to have repeatedly or willfully violated any of the sections referenced in this clause pursuant to section 177.27;
 - e. has been issued a ruling or findings of underpayment by the administrator of the Wage and Hour Division of the United States Department of Labor that have become final or have been upheld by an administrative law judge or the Administrative Review Board; or
 - f. has been found liable for underpayment of wages or penalties or misrepresenting a construction worker as an independent contractor in an action brought in a court having jurisdiction. Provided that, if the contractor or related entity contests a determination of underpayment by the Department of Transportation in a contested case proceeding, a

violation does not occur until the contested case proceeding has concluded with a determination that the contractor or related entity underpaid wages or penalties.

3. The contractor or related entity is in compliance with and, during the three-year period before submitting the verification, has not violated section 181.723 or chapter 326B. For purposes of this clause, a violation occurs when a contractor or related entity has been issued a final administrative or licensing order.
4. The contractor or related entity has not, more than twice during the three-year period before submitting the verification, had a certificate of compliance under section 363A.36 revoked or suspended based on the provisions of section 363A.36, with the revocation or suspension becoming final because it was upheld by the Office of Administrative Hearings or was not appealed to the office.
5. The contractor or related entity has not received a final determination assessing a monetary sanction from the Department of Administration or Transportation for failure to meet targeted group business, disadvantaged business enterprise, or veteran-owned business goals, due to a lack of good faith effort, more than once during the three-year period before submitting the verification.
6. The contractor or related entity is not currently suspended or debarred by the federal government or the state of Minnesota or any of its departments, commissions, agencies, or political subdivisions; and
7. All subcontractors that the contractor intends to use to perform project work have verified to the contractor through a signed statement under oath by an owner or officer that they meet the minimum criteria listed in clauses (1) to (6).

Minn. Stat. 1§16.285, Subd. 5. **SUBCONTRACTOR VERIFICATION.** A prime contractor or subcontractor shall include in its verification of compliance under subdivision 4 a list of all of its first-tier subcontractors that it intends to retain for work on the project.

If a prime contractor or any subcontractor retains additional subcontractors on the project after submitting its verification of compliance, the prime contractor or subcontractor shall obtain verifications of compliance from each additional subcontractor with which it has a direct contractual relationship and shall submit a supplemental verification confirming compliance with subdivision 3, clause (7), within 14 days of retaining the additional subcontractors.

A prime contractor shall submit to the contracting authority upon request copies of the signed verifications of compliance from all subcontractors of any tier pursuant to subdivision 3, clause (7). A prime contractor and subcontractors shall not be responsible for the false statements of any subcontractor with which they do not have a direct contractual relationship. A prime contractor and subcontractors shall be responsible for false statements by their first-tier subcontractors with which they have a direct contractual relationship only if they accept the verification of compliance with actual knowledge that it contains a false statement.

Minn.Stat. §16.285, Subd. 4. **VERIFICATION OF COMPLIANCE.** A contractor responding to a solicitation document of a contracting authority shall submit to the contracting authority a signed statement under oath by an owner or officer verifying compliance with each of the minimum criteria in subdivision 3 at the time that it responds to the solicitation document.

A contracting authority may accept a sworn statement as sufficient to demonstrate that a contractor is a responsible contractor and shall not be held liable for awarding a contract in reasonable reliance on that statement. Failure to verify compliance with any one of the minimum criteria or a false statement under oath in a verification of compliance shall render the prime contractor or subcontractor that makes the false statement ineligible to be awarded a construction contract on the project for which the verification was submitted.

A false statement under oath verifying compliance with any of the minimum criteria may result in termination of a construction contract that has already been awarded to a prime contractor or subcontractor that submits a false statement. A contracting authority shall not be liable for declining to award a contract or terminating a contract based on a reasonable determination that the contractor failed to verify compliance with the minimum criteria or falsely stated that it meets the minimum criteria.

CERTIFICATION

By signing this document I certify that I am an owner or officer of the company, and I swear under oath that:

- 1) My company meets each of the Minimum Criteria to be a responsible contractor as defined herein and is in compliance with Minn. Stat. §16.285,
- 2) I have included Attachment A-1 with my company's solicitation response, and
- 3) if my company is awarded a contract, I will also submit Attachment A-2 as required.

Authorized Signature of Owner or Officer: <i>Tabatha Boier</i>	Printed Name: <i>Tabatha Boier</i>
Title: <i>President</i>	Date: <i>5-23-17</i>
Company Name: <i>A Plus Landscaping, LLC</i>	

ATTACHMENT A-1

FIRST-TIER SUBCONTRACTOR LIST
(Submit with Prime Contractor Response)

Minn. Stat. §16.285, Subd. 5: A prime contractor or subcontractor shall include in its verification of compliance under subdivision 4 a list of all of its first-tier subcontractors that it intends to retain for work on the project.

First-Tier Subcontractor Names (Legal name of company as registered with the Secretary of State)	Name of city where company home office is located
JMF Construction, INC	Duluth, MN.
Benson Electric Company	Superior, WI
Century Fence Company	Forest Lake, MN.
Asphalt of Duluth	Hermanus, MN.
EPC Engineering & Testing	Duluth, MN