



Financial Review And Reporting Committee Minutes

New Albany Plain Local School District
1-8 Learning Facility/Community Room
New Albany, OH 43054

Financial Review and Reporting Committee

Monday, April 20, 2015 8:43 a.m. – 10:08 a.m.

Our Mission: *To ensure the development of high achieving, ethical, self-directed, and Intellectually curious citizens of the world.*

Members Present: Becky Jenkins, April Domine, Joe Armpriester, William Neville, Mark Ryan, Molly Cooper, Phil Derrow, Laura Kohler

Members Absent: David Demers, Brian Steel, Parag Patel, Kevin Stahl

Others Present: Jill Hatten, Monica Gerhart, Patrick Gallaway, Michael Sawyers

- Mark Ryan welcomed the committee members and opened the meeting at 8:37 am.
- Minutes: Due to a lack of quorum the minutes from the February 9 and April 9, 2015 meetings will be held and approved at the May 11, 2015 FRRC meeting.
- Potential Debt Refunding: Ms. Jenkins introduced Mr. Brad Sprague with Prism Municipal Advisors to discuss three potential debt refunding opportunities. Mr. Sprague passed out a handout showing that the three issues that could be refunded and the date. Those include:

2005 – Redemption date December 1, 2015

2006 – Redemption date December 1, 2015

2006B – Redemption date December 1, 2016

All of the debt issues listed above have previously been advance refunded making the next opportunity their respective call dates. The analysis showed two issues refunded as tax-exempt and one as taxable as well as the associated deadlines. The total savings ranged between 5.65% and 6.68% depending on the timing of the issue. The committee discussed all of the refunding possibilities. Mr. Sprague noted the negative arbitrage for each. The 2005 and 2006 had small negative arbitrage. The 2006B, however, had a negative arbitrage of \$465,000. Mr. Sprague explained that the closer the district got to the call date the lower the negative arbitrage would be.

All savings noted would affect the debt service only and has no impact on the general fund. Those funds saved could reduce millage in future years, build the debt service balance or be used to pay other outstanding debt when possible.

Ms. Kohler asked what the fees would be on the refundings. Mr. Sprague said the fees would before Underwriters Fees would be \$100,000 which include bond counsel, municipal advisor, rating agencies, insurances and miscellaneous expenses. He believed Underwriter Fees would be approximately \$40,000. Ms. Kohler asked if the fees were included in the savings numbers and Mr. Sprague said they were. He also noted that no fees would be paid to anyone working on the refunding unless the refunding actually occurred.

Mr. Ryan noted that if we moved forward with the refunding now and interest rates go down we could have saved more money. The group discussed the possibility of interest rates going down and further as well as the current market and how soon they thought interest rates would begin to rise.

The committee asked that Mr. Sprague complete and send an analysis to Ms. Jenkins showing how much rates would have to increase before the district misses the opportunity. Mr. Sprague suggested that the district have a resolution in place in the event the market started to move so the district could move quickly. It was suggested that Ms. Jenkins establish a decision tree so that immediate action could take place if interest rate movement occurred. Ms. Jenkins noted that she would create such a tree and bring the requested information back to the committee and board of education at a future meeting.

Mr. Sprague noted that he did not believe there was an immediate risk should the board choose to wait a couple of months.

- Financial Report: Ms. Jenkins reviewed the March financial report. She updated the members on the status as she knew it of real estate collections. Districts were told they would receive the final first-half settlement from the Franklin County Auditor in early April but that had not happened. While she was not certain when the settlement would be received she did believe it would be prior to fiscal year end and would be on plan. All other line items are on plan.
- Biennial Budget Update: Ms. Jenkins updated the board on the current state of HB64 or the biennial budget. The House version had been released. The House decreased the cap originally submitted by the Governor from 10% to 7.5%. The House also added minimum funding language. IF the minimum funding language stays in the budget the district would receive an additional \$1.4 million over the Governor's proposal of \$287,000 in the first year. Ms. Jenkins cautioned the committee on expecting the increased funding as the Senate's response was that while they appreciated the work of

the Governor and House they were starting from scratch. Typically in this process the Senate would use the House version of the bill and make amendments to it. They do not start from scratch. Because the Senate version will be new the conference committee process used to negotiate the final budget is likely to take longer thus a budget is not likely to be known until late June provided an extension is not necessary.

- District budget discussion: Dr. Domine discussed the cost of restoring any or all of the reductions implemented due to the levy loss. Ms. Jenkins told the group she expected the base levy amount to maintain operating the district at the current level would likely be lower than the 6.9 mills discussed earlier. She noted that as she prepared the budget for FY16 the actual salaries/benefits were coming in lower than expected as she used averages to determine cost reductions and now that the bumping process was completed that actual staff and their associated costs were known. She will review the May five-year forecast at the May FRRRC meeting.

Ms. Cooper asked what the timeline was for a November ballot issue. Dr. Domine went through the timeline of key decision points. She also told the committee that the board has been seeking input from the community since right after the levy and will continue to have opportunities through June. The board must make their final decision at its July 27 board meeting at the absolute latest in order to file the resolution with the Board of Elections by their August 4 deadline.

Ms. Kohler inquired as to the Foundation Task Force. Mr. Darrow, who also sits on the task force, explained that they had been gathering data and being educated on all aspects of the school district including both revenue and expenditures. He discussed that there is a lot of work that the task force must cover and it will likely continue into the summer months.

Mr. Ryan adjourned the meeting at 10:08 am.