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## Board of Education Finance Committee Meeting

Tuesday, January 15, 2013  
District Administrative Offices

### MINUTES

Present: Donna Cain, Lisa Lullo, Bob Flemming, Bruce Martin,  
Scott Helton, Ray Coyne

The meeting was called to order at 6:55 p.m.

The attached agenda was distributed to those attending the meeting and is attached to these minutes.

The Finance Committee reviewed a proposal from Ray Coyne with the bond underwriting firm of Hutchinson Shockey Erley. Mr. Coyne's proposal addressed the restructuring of the District's existing bond issues. The focus was on the following three areas: 1.) lower the 2012 debt service levy, 2.) smoothing out existing debt, and 3.) obtaining proceeds to fund technology and capital projects.

The rationale for lowering the debt service levy was driven by a 40% spike in the current debt schedule followed by a 10.3%, 14% and 5.4% increase through 2017 (the debt was structured this way under BTF). Amending the 2012 levy (would need to be done by March) to lower debt service would have a direct impact on taxpayers on their June 2013 tax bill. Coyne shared multiple scenarios that included increases in 2012 of 13.7% or 28.3% and then 3% or 4.4% thereafter for the remaining years.

In order to accomplish the items noted above, the existing debt, which includes BTF referendum bonds, would need to be pushed out five more years to 2031. Pushing out the debt would add to the overall interest cost. Also reviewed was whether or not the District wanted to re-structure just the existing debt or to restructure debt plus receive proceeds to fund district initiatives as noted above.

Coyne provided a list of districts that have executed deals like this; some districts have done more than once.

After the presentation, the committee reviewed the pros/cons of such a restructuring. Pros included - a.) a lower tax increase on residents next tax bill and stabilized thereafter, b.) Proceeds to fund projects (that cannot be used for salaries due to tax-exempt status) would take some pressure off of the operating budget, c.) Consistent increases in future debt increases rather than large spikes, d.) Could be done multiple times.

Cons included: a) Could be viewed negatively by public using referendum debt and increasing the length of the payment schedule; b) Overall costs would increase by \$28 million, (if \$16 million in proceeds are received for initiatives); and c) a backdoor referendum (only necessary if proceeds are received), although done in the past for technology and life safety purposes, has the potential to be viewed unfavorably by community.

The administration advised the committee that next steps would include further vetting of the proposal with PMA. Furthermore, the district could wait on this potential opportunity, and reconsider at a future time.

The meeting adjourned at 8:35 p.m.

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President, Board of Education

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Secretary, Board of Education

Attest: \_\_\_\_\_

Date