FINANCE COMMITTEE MEETING MINUTES
Thursday November 5, 2015 7:30am

Members Present: B. Doughty, L. Fagel, J. Finan, K. Frandson, G. Freund, S. Martin, K. Ptak, A. Raflores, M. Riggle, H. Siena, V. Tarver, J. Taub

Meeting began at 7:32am.

1. **Enrollment Projections**

K. Ptak reviewed the FY 15/16 enrollment projections calculated by the district as well as demographer, Dr. McKibben.

The district uses the cohort survival method which looks at past and present enrollment in our high schools and our feeder districts. This method tracks cohorts of students and uses ratios to project out future enrollment. The district calculation has been most accurate when looking three years out, within 1-1.5%.

Dr. McKibben uses a population forecast to calculate future enrollment. This methodology differs from the District's cohort methodology in that it not only looks at past and present enrollment figures, but it also assesses the impact of factors such as fertility rates, housing patterns, mortgage rates, mortality rates, census data, migration patterns, unemployment rates and the dynamics of local private schools.

Dr. Riggle stated that enrollment over the next 10 years at GBN is projected to not drop below 2,000 and GBS will remain around 3,000 - 3,100 and slowly decline to the 3,000 level.

Dr. Riggle mentioned that the true number of students actually at GBN and GBS is lower than reported since there are students counted but actually attending school at Off Campus, Transition or other outplacement schools.

2. **Financing Options**

H. Siena reviewed 5 scenarios for facility funding to show impact on overall fund balance reserve. Options reviewed were:

A. Pay-As-You Go Model (2015/16 Budget)
B. Revised Facility Plan - with Recommended Summer of 2016
C. Revised Facility Plan + 5M Bonds

D. Revised Facility Plan + 10M Bonds
E. Revised Facility Plan + 14M Bonds

H. Siena compared these scenarios with Board Policy 4010 which requires a minimum fund balance of 33%.

There was discussion about the philosophical amount to spend on buildings our size for general upkeep to keep our reserve stable. Summer 2016 recommended projects are roughly 4% of overall budget.

H. Siena reviewed debt options to keep debt manageable at a 10-year payback. This new debt would coincide with referend debt that extends to 2028. Interest rates at an all-time low, borrowing in 5-years would not be as favorable.

H. Siena will bring to November 9, 2015 board meeting and discuss new sources of revenue and options available to the District. There is also the decision in 2016 to abate to taxpayers or refinance.

H. Siena reviewed the impact of new debt on overall tax rate. The estimated amount of the abatement is $5.5M - $6M or ($.02) rate change. Issuing new money of $5M the change in rate is $.01 - $.03. A $10M issuance would max out at $.03. $14M is the maximum recommended new issuance and the maximum impact is $.05. This equates to a $68 annual increase per average home.

Issuing new money will lessen the burden of needing to transfer operating funds to cover capital funds. There was discussion about the timing of new money coinciding with the life safety survey. It is expected that the life safety survey will have mechanical, plumbing and other architectural items. The life safety survey process will begin over winter break. A tentative recommended list and estimates will be available this summer.

3. Tentative Tax Levy

Tentative Tax Levy will be on the November 9, 2015 board agenda. H. Siena reviewed the purpose of the tax levy, the tax cap, and the district's calculation and breakout of the $101,564,123 proposed tax levy.

H. Siena reviewed an 8 year history. Last year the district asked for an increase of 3.7%, 2.43% was actually received. The levy is only a request and needs to be done at a high enough level to capture CPI and new growth. New growth was requested at 2.2% and received .88%. The budget is conservative and does not account for any new growth.

4. PTAB Update

H. Siena reviewed all PTAB cases. Since the 1998 tax year, the district has had $17M of requested tax refunds. Cases that were settled had requested $12.6M in refunded taxes, however only $4M was actually refunded or 33%.

5. Insurance Update

There was discussion about our health insurance pool and District 211's interest in joining. There is the possibility of doing a SSCRMP pool bid for consulting services which 211 would likely participate.

H. Siena reviewed employee enrollment in our insurance plans. The high-deductible PPO plan has an increase of 40 participants (82%), while the traditional, low-deductible PPO has a reduction of 56 participants (14%).

Strategies to maximize drug prescription rebates were reviewed along with associated savings. The most significant change was reducing the network of brand name drugs. H. Siena reviewed our prescription drug spend compared to other SSCRMP districts. Trend of drug spend of total claim cost is 30%, our spend is 24%.

Cost containment committee options were discussed. Options include reviewing spouse coverage, 4th tier specialty drug review and implementing an Rx discount card program.

6. Other

Meeting adjourned at 9:29.