

**GENEVA COMMUNITY UNIT SCHOOL DISTRICT NUMBER 304
227 NORTH FOURTH STREET, GENEVA, KANE COUNTY, ILLINOIS
FINANCE COMMITTEE MINUTES**

The Board of Education Finance Committee met at 6:00 p.m. on Monday, January 13, 2014, at Williamsburg Elementary School, 1812 Williamsburg Avenue, Geneva, Illinois.

1. CALL TO ORDER

The meeting was called to order at 6:01 p.m. by Chairman Wilson.

Committee members present: Dave Lamb, Kelly Nowak, Bill Wilson, Tom Anderson.

Administrators present: Donna Oberg, Assistant Superintendent Business Services; Dr. Kent Mutchler, Superintendent.

Others present: Leslie Juby, Andy Barrett, Mary Stith, John Laesch, Mark Grosso, Shonette Sims.

2. PUBLIC COMMENT

None

3. APPROVAL OF MINUTES

3.1 December 9, 2013

Motion by Nowak, second by Lamb, to approve the minutes as presented.

Ayes, three (3). Nays, none (0). Motion carried unanimously.

4. DISCUSSION/CONSIDERATION

4.1 Long-term Debt Reduction/Abatement Options

The Assistant Superintendent Business Services reported that the options from William Blair were similar to those provided in October 2013 but the figures had been updated. PMA ran scenarios with a balance of \$10, \$12, \$14 and \$15 million in the Education Fund. She reviewed the Blair options and noted all options are projected balances with assumptions as we plan for the next five years. Options included abatement, abatement and refunding; a combination of abatement and defeasance; and abatement, refunding and defeasance. She recommended looking at any reduction to the Education Fund on a year-by-year basis because unanticipated expenses could impact projections.

Discussion included: Fund balances are coming down. Some options have additional costs associated with them and we'd need to determine the all-in dollar amounts. Some costs include the need for anticipation warrants if we reduced down to \$10 million each year. We'd need to consider when we receive our funding. All scenarios/options include full CPI and receipt of all local, state and federal funds. Also need to consider EAV and its impact on taxes. Some residents have indicated they would rather have small, manageable tax increases each year that they can budget for vs. large increases. We need to determine whether we're comfortable with the \$19 million level target rate, and whether we can do that without a large jump for taxpayers each year. We also need to determine the impact on the \$315,000 homeowner. There would be additional costs associated with refunding. Agree

that we need to continue to look at all of the options available to us on a year-to-year basis. Feel we have to make two decisions this year; abatement and defeasance for use at a later date, and we need a resolution to make it clear what this Board's intentions are. Refunding would let future taxpayers share in the debt repayment. Could we do abatements with refunding? We could but we only have two callable bonds and most callable bonds have a ten-year call protection. If we determine that \$19 million is not the number we want, we could make other decisions at a later date. A resolution for abatement would need to be made by the end of February. A resolution for transferring funds from the Education Fund could be at any time. We need to determine whether to abate all funds in excess of \$15 million (about \$6 million) or put some (\$2 million) away. If there is a \$2.3 million jump in the FY 2015 levy year, would like to continue the abatement process. Using dollars to pay down debt is a win in the long term. Abatements ease the rise in rate until we can pay down debt as it becomes callable. Would like to discuss dates for the next biggest amounts to be able to call. Like abatement, with defeasance, and if we can pay off debt or extend it, we can consider that annually. The challenge is that interest rates could also go up. Would like to see us use working cash, that's what it's there for.

The Assistant Superintendent Business Services requested that Elizabeth Hennessy of William Blair come again to explain the options. She noted that we don't need to make any decision beyond abatement for this year and recommended that no more than \$2 million be transferred to the Bond & Interest fund this year.

4.2 Mid-year Financial Review

The Assistant Superintendent Business Services reported that at this point in the fiscal year, revenue and expenditures should be at 50% of the budgeted amounts. Revenues are at 48% and expenditures, with encumbered dollars, are at 51.3%. Overall, the Education budget is at 40.9%. The O&M budget overall is at 65%. The technology plan budget in Education and Operation is \$1,232,400 and at this date, more than half has been expended. Capital Plan projects are typically completed during summer months. The Transportation budget overall is at 46.6% and the Municipal Retirement budget is at 44.4%. State funding is behind with the first quarter payments received at the end of December. At this point in the year, second quarter payments should have been received. Consequently, there is a revenue shortfall of \$988,000. All revenue budgets are near 48-50% with the exception of Transportation which is due to the shortfall in State funding. Overall, the budget is trending slightly under with a shortfall in State funding.

The Finance Committee's goal is to finalize the 2014-2015 budget in May and adopt it in June.

5. FUTURE AGENDA ITEMS

The Chair asked members to let him know if they had topics they would like added to future agendas.

6. ITEMS FOR RECOMMENDATION TO FULL BOARD

6.1 Long-term Debt Reduction/Abatement Options

7. INFORMATION

7.1 Legislative Update

The Chair requested an update on pension legislation and potential impact as it moves forward. (At this point, we've not see any big "hits" for the school district.)

7.2 Status of State Funding

The Assistant Superintendent provided a document which summarized payments to be paid by the State.

8. ADJOURNMENT

At 6:49 p.m., motion by Lamb, second by Nowak, and with unanimous consent, the meeting was adjourned.

APPROVED _____
(Date)

(William R. Wilson)

CHAIRPERSON

SECRETARY _____
(Dr. Kent Mutchler)

RECORDING
SECRETARY