

Independent School District 196
Rosemount-Apple Valley-Eagan Public Schools
Educating our students to reach their full potential

Budget Advisory Council Minutes

6:30 p.m., January 13, 2016
District Office

Present: Budget Advisory Council members Kathy Cason, Karen Harrold, Chris Knight, Gary Krueger, Chad LaBahn, Chas McCready, Kris Nelson and John Wollersheim ; Director of Finance and Operations Jeff Solomon and Coordinator of Finance Stella Johnson; School Board Audit and Finance committee member Bob Schutte.

Absent: Budget Advisory Council members Jason Elias, Grace Keliher, Jeff Little and Chris Wong

Co-Chair Chad LaBahn called the meeting to order at 6:30 p.m.

Public Input

No one was present in the audience.

Review Agenda

The agenda was reviewed and the November 18, 2015 minutes were approved.

Bond Sale Update and Investment Management RFP

Mr. Solomon reported that on December 14, 2015, the School Board approved a resolution for the sale of general obligation building bonds. As recommended to the School Board by the BAC, the funds will be awarded in one issuance. On January 8, district administration, along with Joel Sutter of Ehlers & Associates, had extensive interviews with Moody's and Standard and Poor's to determine the district's bond rating. Both seemed to go well according to Mr. Solomon. The district received a draft opinion from Moody's on Wednesday, January 13, which included a rating of AA1 with an underlying rating of AA2. Mr. Solomon expected the rating from Standard & Poor's to arrive on Thursday, January 14 and expected a similar rating from them.

The proposals for the bond are due January 20 and will be reviewed by Ehlers & Associates. At the School Board meeting that evening sales of the bond(s) to the lowest bidders will be awarded.

Ms. Johnson shared the Request for Proposal (RFP) for Bond Proceeds Management, along with a summary of the advisor selection timeline. The RFP was sent to six companies on December 15 and is due January 19. As of January 13, three companies declined to submit proposals. The next step is to review the proposals and make a recommendation to the School Board. Ms. Johnson asked if any BAC members would be willing to help with the selection process and Chad LaBahn and Chris Knight volunteered. Mr. LaBahn asked that an e-mail be sent to all BAC members not present at the meeting to see if any of them would also like to volunteer to assist in the RFP selection process.

Five-Year Plan Scenerio Review

Mr. Solomon shared a handout that included last year's financial plan updated with 2014-15 audited numbers and 2015-16 final budget numbers, base plan assumptions for 2014-15, history of general fund actual to budget performance, spending patterns for several years, current expenditure trending graphs, base plan assumptions for 2015-16 and nine financial plan scenarios. An article from Politico stating Minnesota is one of the two strongest states in the nation was also shared. He discussed the district's performance over the last few years to give the BAC some background as they review the financial plan scenarios and narrow them down to three or four that can be recommended to the School Board for their January 25 planning session.

As a place to start the discussion, the nine scenarios show an increase to the basic funding formula of 1%, 2% and 3%, with estimated savings from budget of \$8.5 million, \$6 million and \$4 million. After much discussion,

the members decided that a 0% increase would be too conservative and 3% would be too much to expect. They recommend running scenarios using 1%, 1.5% and 2% increase to the basic funding formula with a \$8.5 million savings from budget. The \$8.5 million figure is consistent with the district's historical experience over the last several fiscal years.

Finance Documents

2015-16 Final Budget-The Final Budget was approved by the School Board at its January 4, 2016 meeting. A copy of the budget document can be found on the district's website.

Payable 2016 Final Levy Certification-The School Board approved the maximum levy certification of \$85,581,695 at its December 14, 2015 meeting. Prior to the final certification, the levy amount was adjusted down by approximately \$1 million due to the Apple Valley City Council voting to deny the district's application to build a transportation hub on the property at 147th and Johnny Cake Ridge Road. Although the district still plans to pursue land to build a transportation hub, the School Board felt it was best to delay levying for the funds until next year.

Legislative Event-February 5, 2016, (10 a.m. -noon)

The Legislative Advisory Council (LAC) and Budget Advisory Council (BAC) have invited Minnesota senators and representatives to tour Apple Valley High School's new fabrication lab and learn how their federal grant-funded Exploration, Education and Employment in Science, Technology, Engineering and Math (E3STEM) program is preparing students to be ready for college and careers in the future. Following the tour there will be time to talk about education issues for the 2016 legislative session. The LAC is working on a preliminary 2016 legislative platform. Mr. Solomon and Gary Krueger, who also serves on the LAC, encouraged BAC members to attend.

OPEB-Other Post-Employment Benefits

The Budget Advisory Council was provided with an update of the fund. As of December 31, 2015, the total account value was \$47,029,151.35.

Next Meeting

The next BAC meeting is scheduled for March 9, 2016 at 6:30 p.m.

Adjournment. The meeting adjourned at 7:45 p.m.