

**Finance Advisory Committee**

**Meeting Minutes**

**Meeting Date: April 16, 2019**

**Meeting Location: Admin Office Board Room**

**Attendees:**

**Bruce Ellerman**

**Nikki Lemley**

**Justin Hauke**

**Rob Stuber**

**Joann Kite**

**Allen Todd**

**Sara Kotthoff**

**Aaron Winkler**

Meeting was called to order at 7:05 a.m.

No members of the general public were present.

Rob Stuber moved to approve minutes of the February 19, 2019 FAC meeting. Motion seconded by Aaron Winkler. Motion approved by unanimous consent.

Information regarding the following agenda items was presented and discussed:

- I. March 2019 Financial Statement/Executive Summary. YTD revenue and expenditure financial results continue to run in line with budget expectations.
- II. Preliminary Assessed Valuation Numbers. Preliminary AV indicates > 18% increase; all but about .4% due to rising property values/reassessment.
  - a. Debt Service/Bonding Implications
    - i. Operating Fund Balance Restriction/Transfer Status. District no longer projects needing a \$3 million transfer from operating funds to the Debt Service Fund.
    - ii. Future No Tax Rate Bonding Capacity. Based on conservative estimates, future no tax rate bonding capacity projections have increased from \$7 million in 2023 and \$7 million in 2027, to \$13 million and \$10 million, respectively.
  - b. Operating Budget Implications

- i. Preliminary Estimated Operating Tax Rate Rollback. Based on the preliminary AV increase from the County Assessor, the district would need to roll back the residential operating tax levy by more than \$.70 and the commercial operating tax levy by about \$.60. However, the district expects taxpayer appeals will reduce AV's and therefore reduce the amount of required tax rate rollback to some extent.
- ii. \$600K Operating Budget Contribution Status. Based on the improved cash flow projected in the Debt Service Fund (as a result of greater than expected growth in the tax base), it appears the district may be able to sell the recently approved Prop E bonds at a "premium" to face value and therefore no longer need to dedicate \$600K in operating funds to supplement the bond issue.

III. Preliminary 2019/20 Budget.

- a. 2019/20 (Year 1). Draft 2019/20 budget indicates a \$15K operating surplus.
- b. State Funding Outlook
- c. Longer Range Outlook for Years 2 and 3. Small but slowly growing budget deficits are projected for future years but these are to a large extent a function of compounding conservative budget assumptions over time. Furthermore, such deficits are only a fraction of the available operating fund balance above the amount needed for district operating cash flow purposes.

IV. Prop E Bond Issue Sale/Administration

- a. \$12.5 Million to be sold May 13<sup>th</sup>
  - i. Expect about a 3.3-3.4% Avg Net Interest Rate (including Premium)
  - ii. Average Coupon Rate Around 3.6-3.7% (difference between coupon rate and market rate represents the premium)
- b. \$9.5 Million to be sold in 2020 (Bank Qualified, generally about .35% less than non-bank qualified bonds)

- V. Other. Discussed planned recruitment of new COO and transition plan for mentoring into CFO role during the 2019-20 fiscal year.

It was noted the next meeting of the FAC would be 7:00-8:30 a.m. on Tuesday, May 21<sup>st</sup>. Having no further business, meeting was adjourned at 8:20 a.m.