



Finance & Operations Committee

November 17, 2022

MINUTES

Meeting called to order by Committee Chair: Kehoe 5:06 p.m.

Board of Ed members present: Kehoe, Christenson, Brooks

District staff present: Merritt, Gruszczynski, Jory

Citizen Representatives present: Roderique **Other Citizen(s):** Charles

Zaremba III, Josh Patterson **Also Present:** Paul Stauder from PFM, James Crowley from Miller Canfield

Public Comments - none.

Approval of Prior Meeting Minutes – November 3, 2022 - approved.

Proposed Series 2 of 2020 Bond Issue – Mr. Stauder describes the documents that he has provided, and talks about the current status of the bond markets, and the current interest rates which are at about 4-4.5%. The first series in 2020 was approximately \$110 million, the second series in 2023 will be approximately \$87.5 million, leaving about \$78 million to be issued in 2026. The documents provided include a taxable value history, and the estimated millage rates needed to be able to retire our bond debt. We discuss tax growth as it affects our millage rate, and how the future bond series may be pulled forward to fit into the 4.0 mills. Mr. Crowley from Miller-Canfield, district bond counsel, explains the fact that we need to spend 85% of the series funds within three years from the expected May 2023 issuance date. Member Kehoe shares that we have been on target for the spending of the first series, and confirms that Ms. Piesz has been working with bond counsel to ensure that we are on track with the spending timing on the second series funds. The purpose of bringing this resolution to the Board is to give Bond Counsel (Miller Canfield) the authority to work with the financial advisor (PFM) and the administration to take all the steps necessary to sell the second series bonds.

Mr. Crowley next discusses the timing of upcoming possible millage election dates, as we will need to renew our 18 mill non-homestead millage by the end of 2024 (authorized for 20 mills). In Michigan we can normally only have school related ballot proposals in May, August, and November. However, in 2024 we will also be able have it on the March ballot if we wish, due to the fact that 2024 is a presidential election year. His recommendation is to get to the voters before the current millage expires in December 2024, so we can call it a renewal as opposed to a new millage. He suggests March, August, or November of 2024. Member Kehoe favors the March election, as it is the presidential primary, and there will be large turnout. If the issue fails at that election we would still have August possible. Just in case, Mr. Kehoe wants to have board action passed in July in case we need to get it on the November ballot. We would go out for 20 mills in order to cover the 18 mills we would normally levy.

Mr. Crowley also discusses the topic of what is allowable with a sinking fund. A sinking fund can be used to purchase real estate, and to construct, repair, and remodel buildings. In 2017 they amended the laws to allow for the inclusion of technology and security equipment. You cannot use a sinking fund to purchase school buses, equipment, and furnishings. With a sinking fund, we can only levy up to 3.00 mills for 10 years. A sinking fund is a "pay as you go" loan with no interest. We need to have a conversation about how we would proceed, whether we could have two issues on the ballot, and how we want to move forward. What will be the messaging? We have a fair amount of time to plan for this and we need to be thoughtful on messaging, timing, and associated election costs. We need to begin educating the community, possibly in early 2023, about how schools are funded, how these levies impact them, as well as explaining timing issues, to help to build trust and show transparency. We would go out for the 18 mills in 2024, and then the possible sinking fund proposal could be in 2026.

Proposed 2022-23 Bus Purchase

Tim Gruszczynski tells the committee that we would like to buy 11 new 47-passenger special education buses. With this purchase we will have completely replaced the special education fleet over the last three years. All of our special education buses will be under 10 years of age, with the average age being below 6 years old. The buses we are proposing will be diesel- powered buses, as they have proven to be the most dependable. Mr. Gruszczynski is not recommending electric buses at this time. His concern is that on half days there would not be enough time to recharge the bus between runs. He did attend a demonstration with a neighboring district where there were told that you can get 80-100 miles per charge, but the drivers shared that it is usually much less than that, with both heating needed in the cold weather, and in areas that have stop-and-go traffic depleting the charge faster. We have as many propane buses in the fleet that we have capacity for, and the diesel has proven to be the most dependable. There are grants that would make buying an electric bus roughly the same cost as the buying the diesel. We get a special non-taxable rate on buying our diesel fuel. There would eventually be a reduction in maintenance and fuel costs, but that will also require us to have mechanics trained to maintain these electric vehicles. We also do not have the voltage or capacity to charge a large number of electric buses at this time.

Member Kehoe asks what are the minimum, average, and maximum distance the special education buses travel each day. Mr. Gruszczynski will reach out to other neighboring districts to ask about their experience with the electric buses they have. How much charging capacity would we need to support electric buses?

Mr. Gruszczynski will gather the requested information and bring it back to the next meeting.

Monthly Financial Update ending October 31, 2022

Debbie is ill today and will cover this at the next meeting.

Finance & Operations Committee Goals / Citizen Representatives- Discussion

The committee interviewed two candidates for citizen's representative, and will complete the remaining three interviews after the next meeting on December 8.

Adjourned: **6:20 p.m.**