

EDINBURGH COMMUNITY SCHOOL CORPORATION
Edinburgh, Indiana
September 10, 2012

The Board of School Trustees met in special session at 8:00 a.m. on this date at the Administration Building, 202 S. Keeley Street, Edinburgh, IN 46124 with Mrs. Hamm presiding. All members were present.

Also attending were Dr. William Glentzer, Larry Gesse, of Rogers and Gesse Law Firm, Jim Shanahan, Representative of Shanahan and Shanahan, LLP, and Dave Wimmer, Vice President of J.J.B. Hilliard, W.L. Lyons, LLC, Tammy Lewis & Susan Ingels.

Everyone present was led in prayer by Mr. Hardin and the Pledge of Allegiance by Mrs. Hamm.

PUBLIC COMMENTS REGARDING AGENDA ITEMS

Mrs. Hamm invited public comments regarding agenda items. There were no public comments.

NEW BUSINESS

A. Consent Agenda

1. Claims for Payment – Claims # 2943 through and including #3023 and payroll dates of 08/24/12 and 09/07/12.
2. Personnel - Recommendation to approve the resignation of Chris Wright, Corporation Maintenance and Middle School/High School Strength coach, effective September 14, 2012; recommendation to approve the resignation of Delena White, 5th and 6th Grade Girls Basketball Coach but remain on staff as volunteer coach, effective August 24, 2012; recommendation to approve the resignation of Shawn Stanfill, Boys JV Basketball Coach, but remain on staff as volunteer coach, effective September 5, 2012; recommendation to approve the resignation of Justin Gast, Freshman Boys Basketball Coach, but remain on staff as volunteer coach, effective September 5, 2012; recommendation to approve Carla Douglass as Head Custodian at East Side Elementary effective September 11, 2012; recommendation to approve Trish L. Jones for an adjustment to salary as a result of additional training; recommendation to approve Jon Price as Boys JV Basketball coach effective September 11, 2012; recommendation to approve moving Craig Buck and Josh Turner from 7th and 8th Grade Boys Basketball Coaches to Co-Freshman Basketball Coaches for the 2012 – 2013 school year;

recommendation to approve moving Rodney Howard from 5th Grade Boys Basketball Coach to 7th Grade Boys Basketball Coach for the 2012 – 2013 school year; recommendation to approve, pending completion of background check, Josh Burton as 8th Grade Boys Basketball Coach for the 2012 -2013 school year; recommendation to approve moving Shawn Buckner from 6th Grade Boys Basketball Coach to 5th Grade Boys Basketball Coach for the 2012 – 2013 school year; recommendation to approve Dennis Smith as 6th Grade Boys Basketball Coach for the 2012 – 2013 school year.

3. Amendment to the Common School Loan - The original loan was for windows and lift after the bids came in they were under the \$120,000.00. The expenditures were \$48,000 for windows, \$19,910 masonry work around windows, \$1,800 for architect fees, \$7,308 for carpet and installation in the middle school, \$4,788 for locker room repairs and paint, \$2,100 for cafeteria and breezeway painting/repairs. Anticipated expenditures are the lift at \$19,450, painting exterior doors at high school will cost \$3,310; new locker room and hallway doors will cost \$7,635. This leaves \$5,699 to spend on high school repairs such as urinals replaced in locker room and carpet and paint in the building.

Mrs. Taulman moved and Mrs. Weddle seconded a motion to approve the consent agenda as presented to the Board. There was no further discussion. Motion passed 5 yes, 0 no.

- B. Hearing for the Amendment of the 2002 Lease and approve Continuing Disclosure Undertaking Agreement - Mr. Jim Shanahan Representative of Shanahan and Shanahan, LLP, and Mr. Dave Wimmer, Vice President of J.J.B. Hilliard, W.L. Lyons, LLC, were present to discuss the bond issues and give guidance to the Board of School Trustees. The Board of School Trustees was given resolutions that needed approval to proceed with the bond issuance.

Mr. Shanahan stated the building corporation refunding is pretty much a straight forward done deal. It makes a lot of sense financially. The pension refunding is also one that makes sense from the financial perspective because of the lower interest rates, but we are also trying to get outside of the levy neutrality issue that we will have to deal with for the next several years. We are getting pushed back from the state. We are accomplishing everything we are supposed to accomplish through the legislation and through the process that we have been following. Many of the people who work for the state weren't around when the pension legislation went into place in 2002, they have never heard of it. We are trying to educate them, and I think we are making progress. From your

perspective it is the best thing to do because we can do it the most efficiently, the most cost effectively, and save you the most money. If we accomplish the levy neutrality, that is the home run. The worst you are going to have is the triple, but we'll probably have the home run, and that's what we're shooting for.

Dr. Glentzer asked Mr. Shanahan if the DLGF is saying that we can or cannot refund the Pension Bond. Mr. Shanahan stated the DLGF is saying you cannot refund the pension bond because the statute that authorizes the issuance of the pension bonds doesn't talk about refunding and the reason it doesn't talk about refunding is because there is a separate statute that says if you issue bonds, you can refund them and the DLGF is not putting one statute with the other.

Dr. Glentzer asked if after the refunding, if they say we can't go for the tax neutrality totally and we have to go back into the triple, then that basically re-establishes the pension bond fund at the refunding rate? Mr. Shanahan stated yes, essentially you would have to neutralize a lower number so we would have accomplished the same as the refunding. If you have to neutralize it, you would neutralize a smaller number.

Dr. Glentzer asked if it would still be in a pension bond fund. We wouldn't have to take that from something else to pay for it. We could re-establish that fund? Mr. Shanahan stated yes, you will have a debt service fund. What they will say is if \$30,000 a year is the amount that is going to pay off the pension bonds, they will want you to neutralize that \$30,000. That means you would have to take that out and reduce that out of other funds tax rate by the percent that it cost.

Dr. Glentzer asked so basically if we got 13.31 cents in tax neutrality right now, we would still have that at a lower rate? Does it come out of debt service, or does it come out of the pension bond fund itself? I want to make sure that we are not in the situation where we refund or we do that and they say you have to pay that from someplace else. We are not going to take it out of general fund or someplace else to pay for it. Mr. Shanahan stated right, you should still have a debt service levy for that component. The way the neutralization works you have to lower your CPF.

Mrs. Hamm asked if the DLGF has the final say. Mr. Shanahan stated the Tax Court has the final say. If the DLGF says they will not give you a levy to do this, then we have 2 choices: We can do nothing, or we can sue them in tax court,

and the tax court has the ultimate say . What the tax court will do is look at the law, the problem is it will take a while.

Mrs. Hamm asked about cash flow during this time. Mr. Shanahan stated we would have to continue to do what we have been doing with the levy neutrality, but you have to do it at a higher cost, but by doing the refunding you reduce the amount you would have to neutralize. If we still have to neutralize it you would want to neutralize it at the smaller amount. Mr. Shanahan stated that is why you advertised your budget at the higher rate.

Dr. Glentzer stated if we refund our pension bonds, we won't be any worse off because we still have 13.31 cents we have to pay, irregardless, and they will let us levy that in debt service long term neutrality bonds. Dr. Glentzer stated he wanted to make sure this didn't come out of the general fund or something else. Dr. Glentzer stated we have lived with this for a period of time, and if that is the case, if we have to go with the triple, we can. Mr. Shanahan stated that would be the worst case, because if they say you have to neutralize whatever you have outstanding, then you have to neutralize it.

Mrs. Hamm stated the DLGF has the say so, but The State Board of Accounts has to come in for the audit. Mrs. Hamm asked Mrs. Lewis if she was comfortable with this as far as the audit with the State Board of Accounts. Mrs. Lewis stated they have not gotten back with her yet, but she believes everything should be alright. Mrs. Lewis stated she has emailed Linda Hall with the State Board of Accounts. Ms. Hall forwarded the email to Tammy Baker and Ms. Baker has not responded back. Mrs. Lewis stated she is still working on getting their opinion.

Dr. Glentzer asked Mr. Gesse his opinion on the bond refunding. Mr. Gesse stated, after talking with Mr. Shanahan who is an expert in this field, the ultimate question is it worth the risk for the school corporation to go forward with the refunding? Mr. Shanahan's opinion is yes, because we are not going to be any worse off than we are right now. Mr. Gesse stated in his opinion the risk is worth it, but the risk is minimal.

Mr. Wimmer stated the rates are quite a bit lower than when we initially began the bond refunding. Our interest savings has grown from \$138,000 to \$190,000 on the 2002 Bond. On the pension bond issue, the taxable rates have not changed.

Mrs. Taulman moved and Mr. Lollar seconded a motion for the approval of the Amendment of the 2002 Lease and approval of the Continuing Disclosure Undertaking Agreement. There was no further discussion. Motion passed 5 yes, 0 no.

PUBLIC COMMENTS

There were no public comments.

ADDITIONAL ITEMS

There were no additional items.

ADJOURNMENT

Mrs. Taulman made the motion to adjourn the meeting at 8:33 a.m. Mrs. Weddle seconded. Motion passed 5 yes, 0 no.

CATHY HAMM, PRESIDENT

GUY HARDIN, MEMBER

KIM WEDDLE, VICE-PRESIDENT

JUSTIN LOLLAR, MEMBER

ALICE TAULMAN, SECRETARY