

THE SCHOOL BOARD OF SARASOTA COUNTY, SARASOTA FLORIDA
FINANCIAL ADVISORY COMMITTEE MEETING SUMMARY MINUTES
11/18/2021

ATTENDEES: Taylor Collins, Shon Ewens, Susan Hines, Paula Ippolito, Scott Pinkerton, Sandra Terry, Pam Truitt

STAFF: Dr. Brennan Asplen, Mitsi Corcoran, Christa Curtner

GUEST: Jane Goodwin

HANDOUTS: Attachment "A"- Sales Tax Surtax III for the Period 1/1/2010 through 12/31/2024 Budget Amendment Number Ten, Attachment "B"- Sales Tax Surtax III Including Carry Forward from Surtax II The one percent voted sales tax is for fifteen years ending December 31, 2024, and Attachment "A"- Sales Tax IV (January 1, 2025 through December 31, 2039) Total Budget Including Carry Forward

Meeting called to order at 8:34 a.m.

I. Welcome

Chair Pam Truitt opened the meeting.

II. Introduction of Tamika Herring-Snead

Mitsi Corcoran introduced and welcomed the new Administrative Assistant Tamika Herring-Snead.

III. Investment Update

Richard Pengelly pulled up a PowerPoint document entitled Investment Performance Review For the Quarter Ended September 30, 2021 and stated that usually around this time of year the focus is on looking at the school district cash flows and figuring out what the expenditures are going to look like for the upcoming year and working with staff to figure out how much can go into the long-term part of the portfolio and how much can be latched out into different buckets over the year. It is determined by what the market looks like at that time of how the portfolio will be built.

There was also discussion on the following topics:

- Best practices for reviewing the investment policy each year
- a brief background of where the world is right now regarding inflation

- The Federal Reserve regarding short term interest rates
- The School District is predominantly a short-term investor
- The Federal Reserve's two mandates are: to have maximum employment in the economy and to have stable prices.
- How to keep interest rates lower for longer, the rates have been low, and the Fed's will keep them low for some period of time
- The Fed's target is 2% inflation which is the level they say it should be and that it promotes a good level of growth where you are not worried about deflation all the time.
- After the pandemic hit there was an inflation drop
- The Fed's policy in the past/change in the policy
- The last reading for the inflation number was 6.2% which is the highest growth that they have seen in 30 years
- Chip shortages with cars is causing problems and limiting production of new cars and used car prices are high
- Throughout most of the year we have seen 20-30% rises consistently in the prices of used cars
- There are tons of inflation measures
- September 2021 Federal Open Market Committee (FOMC) Projections
- Fed's September "Dot Plot" Signals Rate Liftoff in 2022
- For 2021 they think we will be at the same near 0% interest rate level by December
- Near the end of 2022 interest rates will increase to probably 0.25%
- By the end of 2023 you will see overnight rates back up to 1%
- How are markets responding when you look at Yield Curves?
- In the range that you will invest between 0-5 years they have seen rates increased
- In terms of performance numbers for the last quarter there was a rule of interest rates
- Sector Allocation Analytics-(For the Quarter ended September 30, 2021)- the different sectors that the School District is invested in
- The December quarterly sector allocation analytics will look different
- Summary of Portfolio snapshot- Sarasota County SB Core Portfolio
- The school district long-term benchmark is for the U.S. Treasury Index that has an average duration of 1.8 years a little less than 2 years
- The current book value yield cost is 0.59%
- Average portfolio credit quality
- General view of what the historical sector allocation will look like overtime
- Portfolio Performance
- The net of fee return was 0.06%
- The gross of the fee return was 0.08%
- The total of the returns over the past 3 years was 2.78 %
- Issuer Diversification
- The State statutes are more focused on the things that are in the investment policy
- Reports that says the policy meets all the requirements are prepared by the PFM Asset Management office
- The PFM Asset Management office looks at your policy sectors and compare them with other county schools' entities annually

- The school district gets the short-term portfolio mostly in November and they figure out every year how they need to invest it to meet their cashflow needs
- The core portfolio is made up of mostly reserves
- The core portfolio value

(Note: Mr. Pengelly's PowerPoint presentation was distributed to the FAC a few days after the meeting.)

IV. Sales Surtax Update

Christa Curtner talks about the Sales Tax Surtax III- Budget Amendment Number ten and that it will be going to the Board for approval.

There was also discussion on the following topics:

- Estimated reduction in revenues because of the pandemic
- The sales tax is trending better, and the school district budget department can increase the indicated revenues
- Sales Tax Surtax III expires in 2024
- The pandemic and shift/where the growth is happening in the district
- When things originally started in 2010/original budget column
- North Port area which is still growing/increased areas
- Sales tax surtax is more flexible capital money as compared to the millage
- Projected costs for Facilities
- District wide safety projects/safety issues
- District wide technology projects
- Portable classroom lease, purchase, and demolition
- Construction cost has gone up triple
- Sales Tax Surtax IV
- Carry forward of sales tax surtax III
- Ashton school reaching capacity
- Original budget year
- Current budget is as of June 30, 2020
- Amended budget is as of June 30, 2021
- Portable classrooms cost
- Dashboard transparency
- Sarasota Schools Enrollment
- Total project estimates
- K-8 projects
- Charters would be eligible for the funding
- Is there a need for a new school/It takes 3 years to build a school?
- Student/school population
- Historic trending
- Enrollment projections
- Oak Park school is very popular
- FTE Enrollment had over 1900 students

- Look at schools that are under capacity before considering new schools
- Rebranding a school
- Fiber optics & data transmission

V. Referendum Update/Presentations

Board member Jane Goodwin thanked everyone for serving on the FAC committee and she also thanked Pam Truitt for serving as the FAC Chair.

There was also discussion on the following topics:

- The referendum will be on March 8, 2022
- Vote "Yes" to Number 4 on the referendum
- www.yes4schools2022.com is the website to contribute to the referendum/other information regarding the 1-mill referendum
- The vote by mail ballots will go out on January 22, 2022
- Manatee county had their referendum go through and approved at almost 70%
- The referendum dollars are so important for Sarasota county schools to keep the competitive edge and to keep the quality high in our schools
- Sarasota county citizens said through recent polling that they want Sarasota county schools to be an "A" school
- Sarasota county schools and St. Johns county schools are the only 2 school districts in the state that have an "A" grade rating/Dr. Asplen came from St. Johns schools
- Sarasota County schools has a longer school day here and we have the ability to having more subjects covered in high school
- If a student starts kindergarten with Sarasota county schools and graduate high school here, they will receive an additional year of instruction in this district that they will not receive in other districts
- Sarasota county has always been a strong component of arts/students loves the arts
- In Sarasota county schools we have about 70% of students take advantage of the arts
- The Sarasota county schools also funds science classes and other academies
- The Summer Learning Institute
- Pre-K Program/funding
- 82% of the public voted to invoke the masks mandate
- Two different votes are taking place in 2022: The referendum in March and the 7% of the sales tax in this county will happen in November
- Referendum dollars stay only in Sarasota county
- Citizen for Better Schools (CBS) is the PAC that is leading the referendum vote
- Charter Schools regarding referendum
- Last year for Board Member Goodwin working on the referendum and the school board
- Financial Advisory Committee (FAC) role is to oversee the referendum and sales tax spending
- Millage rate has continued to decrease
- Dr. Asplen talks about the continuance of the renewal and the strategic plan

- The Communication team along with the Budget department is putting together a PowerPoint presentation for each school

VI. Roundtable

Chair Pam started by asking anyone if they had any conversation, topics, or anything anyone wanted to share.

There was also discussion on the following topics:

- The referendum in the past with the finance committee statement regarding auditing and how the money is being used
- Review of the referendum presentation
- School district funds are audited annually
- A review of what was promised and what was delivered to show that you are on track regarding the budget
- How the money is being spent at every single school/itemized document
- List that compares to what was going on to where the schools are today
- What's being funded at the different schools/what would not be funded if you did not have those funds
- Budget Books/2021-2022 Adopted Annual Budget Book can be found on the school board website
- The Budget Book will align with the strategic plan for next year
- Upcoming Meetings for the FAC Meetings will be held in February, May, August, and November of 2022, since the FAC meetings are done quarterly

Meeting Adjourned.

Respectfully submitted,
Tamika Herring-Snead