

THE SCHOOL BOARD OF SARASOTA COUNTY, SARASOTA FLORIDA
FINANCIAL ADVISORY COMMITTEE MEETING MINUTES
02/18/2021

ATTENDEES: Taylor Collins, John Cranor, Shon Ewens, Gabriel Hament, Susan Hines, Paula Ippolito, Scott Pinkerton, Pam Truitt

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

ABSENT: Sandra Terry

GUESTS: Jane Goodwin

HANDOUTS: Amendment Nine Sales Tax Surtax 3 2010 2024 Revised for 06.30.2020,
Amendment Nine Sales Tax Surtax 3 2010 2024 Revised for 06.30.2020 B,
FAC Operating Procedures Updated 021317

Meeting called to order at 8:10 a.m.

I. Welcome and Introduction of New FAC Members

Roundtable of Introduction of Existing and New FAC Members:

John Cranor – Chair

Taylor Collins – Owner of Benefits & Planning Inc. dba Professional Benefits

Paula Ippolito – Volunteering in community focused on children’s needs

Scott Pinkerton – Local owner of Financial Planning Business

Pam Truitt – Retired, actively involved in the community related to education

Susan Hines – Local Business Owner, Sabal Trust Company, worked on the previous Surtax campaign

Christa Curtner – General Manager of Budget (will be Budget Director in a couple months)

Mitsi Corcoran – Chief Financial Officer

Dr. Brennan Asplen – Superintendent, Student at Seminole County, half career in Seminole County and other half in St. John’s County, began here in August

Gabriel Hament – Worked on political campaigns and then worked in investments focusing primarily on not-for-profit organizations, going to law school soon in August and this will be his last FAC meeting

Shon Ewens – Executive Director of Healthy Start Coalition

Lisa Damschroder – Administrative Assistant to Mitsi Corcoran

II. Surtax III Update

Ms. Curtner gave an update on Surtax III and brief discussion on upcoming Surtax IV. Surtax III expires 2024 so already beginning the process for the Surtax renewal getting project priority lists together for the referendum. An overview of Surtax III anticipated revenues and appropriations is provided to FAC on an annual basis. The attachment provided shows the estimated revenues of Surtax III 1/1/2010 through 12/31/2024 and includes Surtax II unspent revenues. We were anticipating a decline in revenues due to the pandemic, which did occur but not as bad as we thought. Surtax dollars are important because the revenues can be used on expenditures that are not allowable with millage revenues (i.e. renovations to restrooms in the Landings, departments district-wide, athletics, etc.). Surtax can only be used for capital products.

The remainder of the attachment shows the estimated appropriations, which includes a detailed

list of projects that were in the adopted Ordinance. The original list included several schools in North Port; however, when the recession hit, many people left, enrollment went down and there was no longer a need for these new schools, which is reflected in the revised appropriations. The funding has shifted to district-wide safety and technology projects. This is a result of the need for new technology, as well as implementation of increased safety measures at all our schools based on the MSD act (State Legislation following the Parkland Shooting). The only significant change for this year is \$3 million allocated for Oak Park School Special Olympics Track. This is something that must be paid out with Surtax because it is part of athletics and not part of the school curriculum.

A question was asked if Charter Schools receive any Surtax revenues. Ms. Corcoran noted that at this point the Charter Schools do not receive Surtax, but they do receive a portion of the millage revenues, which we do voluntarily. They also receive 100% of the PECO (Public Education Capital Outlay) funding (approximately \$130 million) from the State. For the next Surtax referendum, legislatively we are going to be required to include Charter Schools in the distribution of Surtax revenues.

Ms. Curtner and Ms. Corcoran explained that the capital team is already working closely with Sarasota County on developing the list of projects for Surtax IV. We just submitted our list which includes some of the following projects: New construction at Wellen Park High School, Wellen Park K-8, High Hat Ranch High School, High Hat Ranch K-8, new Lakewood Ranch Elementary School site, Garden Elementary 18 classroom wing addition, standard replacement needs such as HVAC, roofing, chillers, thermal storage, etc.. Another big project on the list continues to be District-wide Technology Improvements. There is also money allocated to equipment and software, bus replacement and portable classrooms lease replacement.

Dr. Asplen briefly discussed how we need to address the capacity issue in our schools. There are several schools that are under capacity, while others are over capacity. This needs to be looked at in detail before we make final decisions on building new schools. In particular, we need to look at implementing new programs in some of our under-capacity schools that could entice families during the school choice period, which would level things out instead of just building new schools.

Dr. Asplen continued with addressing the needs in South County, particularly Venice High School and North Port High School. Venice High School is approximately 200 students over capacity and knowing that it takes about 3 years to build a new school, this needs to be considered when deciding on when to “pull the trigger” on new construction. The one good thing about Sarasota County is that we already have a number school sites ready and available.

III. Discussion on how FAC can be most effective

Dr. Asplen led the conversation on how FAC can be most effective and noted that one thing that is very impressive about Sarasota County is that we have very little debt service (currently around \$20 million in debt service, which should be paid off by 2024). However, at the same time, knowing that we are going to need to build a school or two in the near future, we need to consider debt as an option since money is cheap right now. As such, he requested input from the FAC members concerning their thoughts about issuing debt or not issuing debt.

Ms. Collins asked the question about where the monies from the Surtax is held. Ms. Corcoran explained that the revenues are in the School District’s coffers and are fully invested.

Mr. Pinkerton noted that based on the current market conditions, he is projecting an increase in inflation. Thus, if you are looking to borrow a large amount of money, now is the time to do it to lock in the existing rates. It could cut your borrowing rates in half, which spread out over a 10-year

period could be millions of dollars in cost savings. However, it is important not to do adjustable rate debt. Ms. Corcoran noted the District only issues fixed-rate COPs (Certificate of Participation) using a competitive solicitation. Dr. Asplen asked the question if we borrow money now while interest rates are still low, but we do not decide to actually build a new school for a few years, do we have to start paying down the debt even though we have not started spending the money yet. Ms. Corcoran explained that we cannot borrow the money early because there are spend-down provisions aligned to the debt. We must consider timing of new construction in relation to the issuance of debt. We use PFM Asset Management as our Financial Advisor for our debt issues.

Ms. Ippolito brought up again the school capacity question, asking what we can do again to entice parents to put their students in the under-capacity schools. Dr. Asplen reiterated the need to develop programs in these under-capacity schools that would attract families, particularly during the school choice period. These are ongoing discussion on Curriculum. Ms. Corcoran did point out that one of the concerns for the under-capacity schools is that they are Title I schools that receive additional funding and support. If they increase the capacity of those schools with students that are not on free and reduced lunch, it will bring down those numbers and the schools may lose their Title I funding, as well as Cares Act money and e Rates.

Dr. Asplen made a final point about the referendum coming up and stated that we are starting to put together some communication and he would like FAC members to be a part of putting together the information and to be thinking about how to approach the public about the referendum. Ms. Corcoran noted that FAC members have done Speaker's Bureaus in the past and reached out to members of the community.

IV. Discussion/Review of FAC Operating Procedures

The last time the FAC operating procedures were revised was in 2017. Ms. Corcoran opened the discussion noting that there are several new members and now we will need to replace Gabe since this will be his last meeting. Ms. Corcoran asked the group if we want to continue requiring 10 members in the group or revert to 9 members, which is what it was previously. We currently have 9 members, and with Gabe leaving we will be down to 8 members.

Also, for discussion was the annual report that FAC provides to the School Board. It was noted that a lot of the data in the presentation includes test scores and since there was no standardized testing last year, some of the information will not change. It was determined that Ms. Corcoran and Ms. Damschroder will update any of the data that is available and leave the testing data from 2019 with a note that there was no testing in the 2020 school year. The updated presentation will be reviewed at the next FAC meeting in May and presented to the School Board in June.

Mr. Pinkerton opened the discussion about how FAC serves at the pleasure of the Superintendent, which means that he/she can terminate the committee at any point. He also noted that FAC's role is "oversight", which can potentially be interpreted as some independence. Thus, Mr. Pinkerton suggested that there is a conflict in the procedures. Mr. Pinkerton wanted Dr. Asplen's thoughts on this. Dr. Asplen indicated that he and Ms. Corcoran can discuss this further.

Mr. Pinkerton stated that oversight to him means the ability to get our own data and come to our own conclusions. Mr. Cranor noted that he believes one of the real values of the committee is the credibility we have with the community. Dr. Asplen indicated that he himself values the feedback of the committee, especially given all the members' backgrounds. Dr. Asplen continued that he agrees that it is helpful for the community to know that there is

another set of eyes on how the money is to be spent before the School Board makes any final decisions. All members agreed that the committee needs to keep away from the political aspects of the referendum and focus on its visibility as an independent committee. Focus on the oversight of how the referendum dollars have been spent to provide credibility for the School Board going into this next referendum.

The meeting concluded with Pam Truitt being appointed the new Chair of FAC, nominated by Scott Pinkerton, seconded by Paula Ippolito and approved by all members

V. Other

The next Financial Advisory Committee meeting is scheduled for Thursday, May 20, 2021 at 8:00 a.m. in conference room 221 of the blue awning building.

Meeting Adjourned.

Respectfully submitted,
Lisa Damschroder