

Budget and Finance Committee Meeting
Monday, May 11, 2009

Members present: Mary Wright, Julane Mullins, Ellen Quinn, Tiffany Davis, Julie Meulendyke, Rodney Jackson, and Debbie Boian.

Visitors present: Greg Phillips, Hillyard Lyons

Mary began the meeting at 3:45 p.m.

Minutes were approved by consensus of those present.

Julane reviewed the Tentative Budget as well as the talking points for the May Board meeting.

Rodney reported that the board had approved Carpenter Mountjoy as a consultant to the District several months ago and the district will be asking them to certify the audit findings. They will act as another set of eyes to assure compliance with local, state and district laws as well as GAAP practices.

Greg Phillips – explained the bond issue for the five projects - the total price of which is \$56 million. The District will sell \$41 million in bonds. The remainder of the funds will be covered by the General Fund. Under the ARRA of 2009 the government has adopted provisions that create new classes of bonds – some of which are tax exempt and some are taxable. Hillyard Lyons has run several scenarios to see which is the best option for the District, currently they are recommending a hybrid of Build America Bonds (BABS) at \$30 million and Bank Qualified (BQ) bonds for the remainder of the bond amount. BABS are sold at a taxable rate, but higher than the normal rate, and the Federal government will rebate 35% of the total interest cost. Another potential benefit under the stimulus act is that for bank qualified loans the level has been raised to \$35 million (as opposed to the previous level of \$10 million). Hillyard Lyons has looked at several scenarios and has determined that the district should sell \$30 Once they receive some clarification from the Treasury Department on a few issues they will proceed with the sale. Should the Treasury answer be delayed he would recommend delaying the bond sale. Should the Treasury deny the use of a hybrid solution the District would simply revert to the old way of selling, which would be offering non bank qualifying tax exempt bonds.

Meeting adjourned 4:27 p.m.