



**Capital Plan Workshop Minutes
Tuesday, August 23, 2005 – 7:00 p.m.
School Board Meeting Room
Stuart, FL 34994**

Members Present

Susan Hershey –Chair
Lorie Shekailo-Vice-Chair
Dr. David Anderson
Laurie Gaylord
Dr. Sara A. Wilcox, Superintendent
Tom Elfers, School Board Attorney

Members Absent

Nancy Kline
Kristin Conrad, Student Representative (JBHS)

Staff Present

Julie Sessa, Steve Weil, Ruth Pietruszewski, Darla Miloszewski, Sabra Avery, Rodger Osborne,

Public

None present

Press PBPPost – Mike Bender

Stuart News – Kelly Tyko

MCEA – No representation

AFSCME – No representation

Call to order by the Chairman and Pledge of Allegiance to the Flag of the United States

1. Open to the Public

- No representation

Sue Hershey asked Darla Miloszewski, MCSD Executive Director of Finance, to introduce Steve Rusnak's replacement, Sabra Avery. Darla introduced Sabra and Board members welcomed her. Sabra came from Palm Beach County School District and has been doing the capital accounting for Palm Beach. She lives in Martin County, so she decided to work here because of the traveling distance.

2. Impact of Certificate of Participation Issue on 5 year Capital Project Work Program

Darla Miloszewski and Rodger Osborne presented a power point presentation on the 5-year capital plan. They presented a scenario using a \$40 million COP, showing what capital projects could be brought forward. They used figures from the recently approved tentative budget and showed the changes a \$40 million COP would make to it. They discussed what projects they felt were a priority. They went over the priority projects school site by school site. The debt service, principal and interest, on a \$40 million COP for the five year period was estimated at \$21.5 million. Darla Miloszewski recommended that the Board not do the COPs unless they were ready to spend the funds, concerned that arbitrage laws could be violated. She also stated that money should not be sitting, since interest is being incurred.

3. Discussion

Board members discussed individual projects at different schools. Board members concurred that classrooms and children's needs would take top priority. Dr. David Anderson wanted to confirm that equity would be maintained amongst the school site projects. He reminded Board members that from experience the Board has learned that the costs to preserve older buildings outweighed building new structures. Board members analyzed the numbers in the budget scenario and discussed FEMA reimbursements and hurricane expenditures. Dr. David Anderson asked the Superintendent if staff had recommended to do the \$40 million COP. Dr. Sara A. Wilcox answered that no, this was just a workshop scenario to explain what the impact of doing a \$40 million COP would have on the School District's budget. Dr. Sara A. Wilcox expressed her concern to bring so many projects forward at once and the impact that the increased workload would have on the District's staff. Rodger Osborne

3. Discussion (Con't)

explained that the Facilities Department would adjust the projects according to the flow of funds. Laurie Gaylord asked Darla what the difference in revenue would be if the Board chose to impose a ½ cent sales tax. Dr. Sara A. Wilcox thought that bringing all these projects forward at the same time would put too much of a workload on District staff, and expressed concern about finding enough local contractors to perform all the work. Laurie Gaylord agreed. She expressed her concern about being able to attract competitive bidders in an environment short of contractors. Lorie Shekailo said that she wanted to be realistic and determine what amount of projects could be done. She wanted to be assured that the work would be of quality standard. She felt that the older schools had needs that needed to be addressed now. Lorie Shekailo asked Darla if the District would be penalized if they had to roll over part of the 2 mills. Darla responded no. Darla explained that the District must have budget capacity before moving forward with any contracts on the capital projects. Laurie Gaylord expressed her concern about building more new schools in the light that the market was changing. Dr. Sara A. Wilcox stated that she felt a ½ cent sales tax might be a more moderate approach. Dr. David Anderson asked what the time table was to make the decision. Dr. Sara A. Wilcox explained that this was a workshop and no action would be taken now. She told him that this was the first step, evaluating the information to see what projects could be brought forward and what the impact of the COPs would be on the budget. Sue Hershey stated that she favored COPs as opposed to the ½ cent sales tax, since new growth management legislation would probably be making changes in the near future. She wanted to speak with Don Santos before making a decision. Lorie Shekailo expressed her concern that the interest rates were going up and if the Board is going to do this, they need to do it now. Sue Hershey stated that the Board could make a decision at the September 6th Special School Board meeting. Dr. David Anderson said he could not support a sales tax now with the rise in the cost of living. Lorie Shekailo stated that the one thing good about the sales tax is that the burden is not entirely on the residents. Vacationers and visitors to this area help with the burden. Sue Hershey stated, "We would be chasing a bouncing ball to do the sales tax." Board members asked Darla Miloszewski and Rodger Osborne if they would give them a time line on the sales tax issue. Lorie Shekailo requested that Darla give them an analysis on the time value of money using the COPs. She requested a comparison of the funding using the time value of money with the interest rate that we are paying on the COPs and the stream of revenues from the sales tax versus the 30% increase in the construction costs to see which way really does work financially.

4. Open to the Board

No Board members requested to speak.

There being no further business to bring before the Board, the meeting was adjourned at 8:15 p.m.

CHAIR (Sue Hershey)

SECRETARY (Sara A. Wilcox, Ph.D.)