

To: Holmdel Township Board of Education

From: Chair, Budget and Finance Committee

RE: February 6, 2013 Meeting Notes

Attending: Mr. Sockol (chair), Ms. Garrity, Mr. Hammer, Ms. Pascucci, Ms. Duncan, Mr. Mikos and Mr. Petrizzo.

The Budget and Finance Committee met on February 6, 2013, beginning at 6:15 p.m. The Committee conducted the following business:

1. Mr. Petrizzo informed the Committee that the District is exploring refinancing our remaining debt from the 1996/97 bonds that were last refinanced in 2003. The State will allow us to refinance this debt if the savings exceed the 3% net present value interest rate savings required by the Local Finance Board. Based upon current market rates, the Administration believes refunding could save the District \$55K annually over the remaining life of the bonds. The Committee asked Mr. Petrizzo to also explore the possibility of raising funds through an outside agency, such as the Monmouth County Improvement Authority, to pay off all existing debt (2003 and 2005 Refunding Bonds) at a lower interest rate. The current debt from our two outstanding debt issues totals \$18 million.

2. The Committee received a first look at the proposed 2013-14 school budget. State education officials have advised school districts to assume flat state aid and a 25 percent reduction of federal funding based upon their current appropriation levels. The federal cuts take into account the pending congressional sequestration. Therefore, the initial budget projects a significant loss in federal funding (\$170,000), primarily IDEA funds that are used to offset the costs of out of district placements of children with special needs. Mr. Petrizzo is confident that the final budget will meet the state's 2 percent cap requirements, and the Committee will meet again later this week to continue our budget review.

The meeting adjourned at 7:30 pm. The next meeting of the Budget and Finance Committee will be held on Friday, February 15 at 4:30 p.m.

Sincerely,

Mike Sockol

Chair, Budget and Finance Committee