

To: Holmdel Township Board of Education

From: Chair, Budget and Finance Committee

RE: July 18, 2013

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

The Budget and Finance Committee met on July 18, 2013, beginning at 9:10 a.m. The Committee conducted the following business:

1. The Committee reviewed the MCIA Capital Equipment List for 2013, which was approved by the Board as a whole at its July 18 meeting.
2. The State requires the Holmdel School District to amend its Long Range Facilities Plan (LRFP) once every five years. The plan prioritizes a list of broad projects, including potential future needs beyond the five-year timetable. Although the BOE is not obligated to fund any of the listed projects, the document does impose a disciplined approach to address pending or potential capital needs. Certain projects qualify as energy conservation measures and are eligible for funding via an Energy Savings Plan (ESP). There will be further discussions regarding the ESP at future meetings. .

As part of the LRFP update, the District commissioned a demographic study, which estimates that the student population will drop by 13.6 percent over the next five years. The study does not account for the impact of development at the Lucent property.

3. The LRFP process needs to be completed and submitted to the state in order to apply for grant funding through the state's ROD program. ROD grant funding could absorb up to 40% of the cost of several identified conservation projects, including window replacements, repairs of the High School Auditorium roof, and overhaul of the Chiller unit at Indian Hill. The ROD grant application deadline is September 4. The LRFP will be on the July 31 Board agenda and the ROD grant application will be on the August 28 Board agenda.
4. The District successfully refinanced its 2003 Refunding Bonds on July 10th and achieved higher present value savings (5.899 percent) than originally estimated without extending the issue's maturity date. We are projecting an overall present value savings of \$325,041 over the remaining life of the debt. In addition, Moody's Investor Service rated the District "Aa1" based upon the overall value of our tax base, our stable financial operations, and modest debt burden. This rating places the District in the top five percent in the state among other school districts.

5. The District will receive \$1,444,706 of 2012-13 State Extraordinary Aid in 2013-14, which is approximately \$450,000 higher than anticipated. Mr. Petrizzo recommends that we allocate this additional money to replenish the District's Maintenance Reserve, per past practices.
6. Mr. Petrizzo reported that our legal bills for the final months of the 2012-13 school year were higher than budgeted. Part of the issue lies in our change from a retainer fee system to billable hours. The Committee requested that Mr. Petrizzo ask our School Attorney to educate the board on ways we can adjust past practices in using legal counsel to help us contain costs in the 2013-14 school year.

The meeting adjourned at 10:35 a.m. The next meeting of the Budget and Finance Committee needs to be scheduled.

Sincerely,

Mike Sockol
Chairman, Budget and Finance Committee.