

RUTLAND PUBLIC SCHOOLS
RUTLAND CITY PUBLIC SCHOOLS – FINANCE/PLANNING COMMITTEE MEETING
March 16, 2021

Committee Members Present:

Ann Dages, Acting Chair

Dena Goldberg

Other Board Members Present:

Alison Notte

Stephanie Stoodley (Term Beginning 3/2021)

Joanne Pencak (Term Ending 3/2021)

Committee Members Not Present:

Charlene Seward

Also Present:

Superintendent Bill Olsen

Assistant Superintendent Rob Bliss

Director of Finance Ted Plemenos

Carrie Savage

The meeting was called to order at 6:32 pm.

**CALL TO
ORDER**

Chair Dages noted and reviewed Board Operating Protocols. She invited attendees for public comment.

Joanne Pencak noted that she is attending as the outgoing Finance/Planning Committee Chair and will answer any questions from the Committee.

Refinancing the district's \$4.8 million loan balance outstanding with Capital One, currently at 4.35% - Chief Financial Officer, Ted Plemenos shared a summary of the District's long-term obligations (bonds, capital leases, accrued sick time, and vacation and retirement incentives, reviewing interest rates and payment schedules. He reviewed the capital lease with Capital One Public Funding, LLC and prepayment penalties terms. Mr. Plemenos outlined FY21 – FY25 payments streams, interest, principal and total outflows, noting an increase in annual payments because the schedule was designed to match savings from energy projects. He advised that he contacted Capital One in December to try and negotiate for a lower interest rate. The District is being assisted in discussions with Capital One by the firm Power of Leasing, with which the District has worked when arranging other financings in 2014 and 2015. Discussion revolved around payments counteracting energy savings. We are starting to realize savings, but the analysis has not been completed. Several scenarios were discussed for taking steps to save interest over the years. Scenarios included: acting on offers from Capital One (savings of \$300,000 - \$400,000): first offer down 92 basis points with an interest rate of 3.43 down from 4.35 and waiving 3% prepayment penalty, move from graduated payments to equal payments with amortization of the principal and prepayment not allowed until January 1, 2030, second offer – lower rate with graduated schedule and 10-year term (rated lowered to 3.19%.) Mr. Plemenos noted that he also contacted the Vermont Municipal Bond Bank and discussed potential options and issues including: the bank only going to market in February and August (timing could be an issue) and the potential of a bridge loan from August 2021 to January 1, 2022 to repay Capital One. He presented the committee with estimated savings at various rates and potential for making up the \$145,000 prepayment penalty. He noted that he wanted to alert the committee regarding potential savings for consideration and continue to research and bring additional information to the Committee. Discussion included: prepayment penalties, any potential issues with obtaining a Vermont Bank Loan or bridge loan (Can both loans be secured or can one be a general obligation loan and would this affect the interest rate?), time limit for Capital One offer (April 15th), provisions for additional benefits (Ted will contact JCI) and Capital One being aware that other options are being reviewed. Mr. Plemenos will research and either by circulation or at the next meeting will come back with more definitive ideas for action.

REFINANCING

Reviewing the seasonal pattern and typical timing of cash flows during the year – Mr. Plemenos noted that he had been talking with colleagues regarding common practices regarding working capital. The typical range is for districts to maintain from 5% to 10% of annual expenditures in

**SEASONAL
CASH FLOWS**

working capital balances. Some districts target for 0%, with the expectation that it might be necessary during summer months to use a line of credit. Our District has been both below the 5% and to 10% range in recent years. He noted that during the school year a typical payroll expense is about \$1.3 million and recommends 5-10% working capital to establish a buffer.

**SEASONAL
CASH FLOWS**

Discussion included how the Finance Committee might decide upon what it considers to be reasonable, ongoing level of accumulated working capital? E.g. up to 5% or 10% of annual expenditures? – Joanne Pencak noted that 10% might be a little too much and suggested 6-8%, noting that she appreciated the analogy of the payroll. Potential of utilizing ESSER funding was noted.

**WORKING
CAPITAL**

Other - Motion by Dages/Goldberg at 7:28 pm that the Rutland City Board of School Commissioners Finance/Planning Committee enter into an executive session with Superintendent Olsen, Assistant Superintendent Bliss, Director of Finance Ted Plemenos and Joanne Pencak for the purposes of discussing collective bargaining matters the general public knowledge of it which would clearly place the Board at a substantial disadvantage.

**OTHER
MOTION:
EXECUTIVE
SESSION**

The Committee came out of executive session at 8:21 pm.

**OUT OF
EXECUTIVE
SESSION**

Motion by Dages/Goldberg to adjourn at 8:21 pm.

AJOURN

Respectfully Submitted,
Betty A. Kapitan, Recording Secretary