

NEW PRAIRIE UNITED SCHOOL CORPORATION  
Office of the Superintendent  
New Carlisle, IN 46552

MINUTES

WORKSESSION  
December 7, 2009

A worksession was held on Monday, December 7, 2009 with Rich Shail, Bernie Baltes, LuAnn Schwingendorf, Dale Groves and Al Williamson present. Dr. Bender was also present. Representatives from Fanning/Howey and Ice Miller were also present.

Rich Shail said the purpose of this worksession is based on information provided by Dr. Bender at our Board meeting on November 23, 2009 regarding the CPF projects. Dr. Bender advised that due to the costs of the proposed projects, the use of the CPF fund is no longer a viable source. Dr. Bender said this is a good time to get money at a reasonable fee. Also, construction bids are at a place where companies are willing to work for reasonable prices. Dr. Bender presented the board with a large wish list - about \$20 million worth of projects. The board requested the worksession to get all the information on the table. Information we are looking at is:

- What will it take?
- What will it cost to the corporation and taxpayers?
- How do we get it done?

Keith Dennis distributed an agenda to the board.

**Finances**

- Tom Peterson and Dave Wimmer distributed information regarding the petition/remonstrance process and a glossary of financial terms. Tom explained how the process works. There are two different types of financing:
  - General Obligation Bonds - We will probably not be utilizing this because the Indiana Constitution limits the amount
  - Building Corporation Lease Project (This is how we financed the last project.) We will lease the project from the Building Corporation and issue bonds.

The first action to take place would be the 1028 Hearing. The School Board sets forth what the projects will be and the estimated costs to pay for that project. You will have to know how much you will be able to pay per year and how many years. Those numbers are set in stone as the maximum you can incur. If your construction costs come in lower, those numbers would be reduced. We will go before the taxpayers with those numbers. You cannot go higher unless you go for an additional amount. Your professionals will give you some cushion in those amounts. They will give you costs and contingencies as well as construction costs.

Tom said you are 6-9 months away from taking bids. Dave Wimmer will give you room for the tax rates, etc. There will be some margin for coverage with the hopes it will reduce down. At the hearing, it sets up what type of process you will go through depending on the type and size of the project.

Previously, the only thing available was a petition/remonstrance process for projects over \$2 million. If it is a high school only project, you can go up to \$20 million. If it services only K-8, it is \$10 million. If it is a combination, it is \$12 million. A referendum would only apply if the project is larger than those projects. Dr. Bender said in the event that we are looking at the K-12 project, it would be \$12 million unless you want to separate the process.

The petition/remonstrance process has been around for 12 years for mid-level projects. The referendum is for larger projects. A referendum is not automatic because your project is larger. One hundred people have to sign a petition and request the project qualified. If you desire that you want the referendum to apply, the school board can make that determination and say we want the referendum to apply for this project. It only happens if you ask for it or the taxpayers ask for it. If neither asks for it, there will be no petition/remonstrance or referendum.

The only DSF that is required to pay would be calculated outside the circuit breaker. If they reach that maximum amount, they would pay that and the tax levy on top of that. You must decide whether you are comfortable with the circuit breaker. When you look at those numbers, you have to determine that the referendum does not exceed that. Dave Wimmer said we are tripping the circuit now. In 2009, it will be \$14,000; in 2010 - \$37,000 and in 2011 - \$44,000 which comes from all your levies together. What is outside of your control is it is all the tax units are applied. You cannot control the circuit breaker.

## **Referendum Process**

Tom Peterson said the first referendum was in the 2008 fall election. We had five referendums. We were successful on four of the five. Previously under the petition/remonstrance process, we were half and half. There were many projects approved that did not have to go through the process. We also did some under a special election. The success rate for that is under 20% since that initial process. You want to find trends. One thing that has been consistent has been run like an election. It is different than bonds for operating expenses. There are going to be a number of people who will vote no. In having a successful referendum, they treated it like an election. They identified their supporters and got them out to vote. Know who and where they should spend their time. Spend time with the people leading the "no" vote.

If you do decide to go forward, it is an election. You need to get your people out to vote. At Noblesville, people did not think they had to vote and it did not pass. It is important. When you start this process, it is important that you get the information out about the project as soon as possible. The new process limits what the school can do and how it can use its assets to promote the project. You cannot use employees to provide additional information. You can provide information, but you have to be careful it is not promotional. You cannot use your facilities. People will have to find a different location to hold their meetings. We have only had one opportunity with the court to talk about what can and cannot be done. It is always a risk that you can lose in the court. It is important to get information to your community, but you are able to control that information. Bill Kaminski asked what percentage of schools has used PR firms. Tom said about half. This is a new process. If you are working on the high school project, it is important to work with the elementary PTO's. They can help define if there are some tender spots. Keith said you can do a lot of communicating before the 1028 Hearing. Tom said yes - you can also use the website. You cannot be sending out things and asking them to vote.

## **Issuing Bonds**

Tom said when we issue bonds, there are a lot of options. This comes from the stimulus - Qualified Construction, Build America Bonds and Tax Exempt Bonds. Those are all formulas to get the lowest rates.

Qualified School Construction Bonds are set up through the stimulus. The taxpayers would receive a tax credit rather than a rebate. It is a highly competitive process. You cannot bank on the fact that you will have enough money for the project. The state is putting a \$10 million limit on that. You will be eligible, but it is highly competitive across the state. Those bonds were drafted to be a zero interest rate. There is a savings, but there are steps we have to do to qualify. We are looking at that as an option.

Tom said the other part is to look at the overall success of the referendum. The projects that are going forward have been referendums. Some schools will do referendums to supplement their General Fund. Those have been more successful than the building projects. Tom believes this is up because when you talk at the School Board's Association, the rules do not apply to a General Fund Levy.

It is not automatic. The board asks for it or the patrons ask for it. It starts the 1028 Hearing. For 2010, your process would have to coincide with the May or November election. To get something on the referendum for May, you would have to have your 1028 Hearing no later than February. It is quick. You will need to know what your project is, how much and informing your community. The next cut off date for the General Election - the process would have to be done by August 1<sup>st</sup> for the November ballot. There is a standard form of what the statement has to be: Page 4 - Public Question". What is the anticipated tax rate, description of the project and the impact? The DLGF will certify what the tax rate would be. The referendum process adds 6-9 months to the calendar to get the project approved. If no referendum, we could get through the process in 9 months.

Tom said he will put together a timeline and when the meetings need to take place. If you move things back on the time lines because you are not ready, it will move back the process.

Bernie said you indicated that we are at the circuit breaker. Dave said you have tripped the circuit breaker. You will have a credit of \$14,000 in 2009, \$37,000 in 2010 and \$44,000 in 2011. This is the estimated impacts for tripping the circuit breaker that will have to be taken out of the budget. You would have to make up for this project by reducing the other funds. With the referendum, the Debt Service would not affect the circuit breaker.

Bernie said you made the comment about the normal interest rate. Dave Wimmer said it is running a little over 2% and going up to 4%.

Rich asked if the DLGF is no longer involved in this. Tom said the process has become entirely local. The payback from that is a local decision. The state does not approve it any longer.

Dave Wimmer distributed a worksheet of the finances for a \$10, 15 and 20 million project. On a \$10 million project for a \$100,000 home, the tax impact would be \$32 per year. That is flat. If you have growth, that will go down. For a \$15 million project and a \$100,000 home, the tax impact would be \$48.99 per year. For a \$20 million project and a \$100,000 home, the tax impact would be \$65.19 per year.

Interest rates today are 1.9% to 4%. In 2006 it was 3 1/5% to 5%. Rates are attractive. It is a better time to secure long-term financing. People working on bids are very competitive. Tom said the maximum maturity previously was 25 years. It is now reduced to 20 years.

### **General Fund Levy**

Dr. Bender said he feels the General Fund Levy is something we want to consider because of the minimum amount of money we get to operate our schools. He asked what the timeframe is if the project is approved. Tom said you do not get the money. The additional levy is 7 years. If it is approved in the November election, you would not get the money for one year. It is not permanent. The state took over the General Fund. It is a benefit for the circuit breaker because it comes off that amount. Dr. Bender said we are #3 from the bottom in funding. It is something this board has to look at. If we are looking at a construction levy, it seems a good time to tie those together. Tom said you can run them together or separately. How you run those campaigns is different. Dr. Bender said when they did that in Evansville, there was not sufficient money to operate the corporation and they had to reduce large numbers of personnel and programs.

Tom said something that helps with your operating expenses is people don't think about it. There are many things your architect can show you that will be beneficial.

Rich asked if we can share with the public certain portions of the project. Can we present two separate versions? Tom said no. He said you can say we are going to do up to a certain amount. You have to give the scope of the work. The remonstrance would be one set of caps. You cannot separate the 1028 Hearing on different portions of the project. Tom said you cannot have an either/or. You have to say this is the project and it has to be determined at the time of the 1028 Hearing.

Keith said if you did different projects, would the financial roll into one financing package? Tom said yes. You would not have to issue all the bonds at one time if you are delaying some portions of the project. Remember that the project always belongs to the board even though you are using a building corporation.

Rich said Carl Baxmeyer of Fanning/Howey helped so much with our last project. He asked if Carl had anything to add. Carl said the last project was a team effort. We had a transparent process. People talked one on one with friends and neighbors. Sometimes you overlook the value of meeting one on one. We put

together a planning committee and met several times. We looked at the needs, demographics, etc. and came up with alternatives and the community made some recommendations. A citizen group works better because it is citizen driven. It leaves the board in control. It makes it the community project. Scott said we cannot do anything after the 1028 Hearing is set up.

Bernie said community involvement is a key up front. How can we work that timeframe you are working with. Carl said he thinks we can do the May election. But, it depends on the people leading the charge.

Tom said advanced voting is a benefit also rather than waiting to the last day. He said they do not have enough evidence as to whether the primary or general election is better. Well trained voters are not likely to support a building project. Scott said if you wait until next November, you may not hit the best weather. Tom said if you go for May and it was defeated, you would not be able to go back until one year from that. You cannot go back in November. Tom said if you substantially change the project, you may be able to do it, but it is very questionable that it is a different project. When there is a renovation, you would really have to show me that it is substantially a different project.

Lloyd Condon of Fanning/Howey said when looking at the projects, there were some sections that were a higher interest than others. Chuck McCoy, Scott Winchester, Carl Baxmeyer, Hilary Swanson and Jeff Sofield have been working on the project. They have been working with Clara Clark and Tammy Watkins on some design renovations and correcting some issues in the serving area. We are also looking at reworking a main entrance. They reviewed the progress. The kitchen design is further along.

Rich and Al talked about squaring off the walls rather than rounded walls and increasing the square footage if necessary. Rich said we can always use more square footage. Bernie favors the square corners. He said in the future if you have an addition, it is easier to add on to a square wall rather than a round one. Bernie would also suggest if we can utilize any type of natural lighting, we need to do that. The cost in the beginning of the construction would be offset by natural lighting.

Administrative and Building Entrance - Rich asked if the entrance would also be a student/bus entrance. Lloyd Condon said we have not talked about that yet. Clara said they were told by Lloyd Wood to keep the buses right where they are. Lloyd Condon said it would be the primary. Al asked where the parking would be when people come to visit. Lloyd said some areas would have to be dedicated to visitors. Clara said there are some spaces by the tennis courts that have not been used and they could shift the students there. Al asked if you should consider enclosing all of the areas to make sure you have enough room. Lloyd said we can look at the drama area, etc. Those are things you can look at if you want to figure it in. Al said he does not know how much it would cost, but people

may say why did you not fill that area in. You would have 21,000 sq. ft. of area not utilized. Scott said if you could move the music area down. Rich said you could shell it in for storage and save it for a future project to fill it in. Clara said people go there after graduation. It could be a bigger foyer area.

Scott said this first design was based on a budget. Clara said that is why it was cut so much. Dr. Bender said because of budgetary constraints, it was cut back. Rich said their desire is to go for it and if we have to cut back, we can.

Lloyd Condon said the budgetary costs are:

- Serving Area - \$1,700,000
- Building Entrance and Administration - \$2,950,000
- ADA Requirements - \$1,361,000
- Classroom furnishings - \$425,000
- Technology Upgrade - \$1,673,500

These costs do not include soft costs. The costs are very conservative. We did not do a complete walk-through of the ADA requirements. He feels it is padded.

Dale asked what the classroom furnishings consist of. Lloyd said it consists of 67 teachers - one teacher desk and 30 classroom desks.

Jeff talked about the technology upgrade as far as in-house signals and there is little or no cabling. They would look at:

- Classroom sound systems
- Video projectors with tuners
- Central voice data system
- Presentation area in the cafeteria space
- Interaction white boards
- Upgrade to the A/V system in the auditorium

Rich asked about an upgrade to the existing labs. Lloyd said this does not include that. Rich asked how we stand. Are we in need of an upgrade. Mark said some labs are in need of an upgrade. Keith said it would take pressure off the CPF if we would be able to do this.

Rich feels it would be unwise to put that much upgrade into the facilities and not upgrade the technology. Mark said we could open up the utilization for an IBM/Mac version.

Some potential side projects are:

- Turf Football Field - \$875,000
- Parking Lot adjacent to Gym - \$131,000
- Drive along Football Field - \$139,000
- Parking Lot east of the Football Field - \$74,000
- Re-surface Track at Olive - \$177,000
  - Or \$336,000 (depending how we have to grade)
- HS HVAC - \$2,965,000
- RP HVAC - \$2,195,000

The high school was completed in 1969 and was a completely electric building. It was converted 10-12 years ago. The systems were renovated in 1995. The univent should last 35 years. The roof top units should be 20 years. As we revise the systems, we would improve the indoor environment. Dale asked how it would be improved. Chuck McCoy said:

- Consistent temperature
- Humidity control
- Sound

Chuck said univents are very poor to provide that. It is difficult to try and cool with a univent. It cannot dehumidify. Dale asked how much life you get with univents. Chuck said 35 years. They are at the high school and Rolling. They have been there about 14 years. He said multi-zone units are an old technique. You are constantly heating and cooling the areas. It is very difficult to maintain because the temperature controls are out of date. The gym has air handlers that are too large. It is difficult to repair. You currently pay \$356,000 per year - \$1.25 per square ft. At best, if we renovate, we might get it down to 75 cents per square foot or about \$140,000 per year. It would take about 20 years to pay off. You cannot consider it just in energy savings. You have to consider the temperature and the improvements to the area when you make those decisions. Scott said you can justify that in student achievement. Teachers cannot hear because of the noise level.

Dale said you mentioned 60,000 decibels. What would you equate that noise to? Rich said a kitchen fan.

Dr. Bender said mold and the potential to mold is another issue. There is no way to remove the humidity. We have de-humidifiers in a number of classrooms. Greg said it causes large problems even with technology.

Rich asked what the life cycle is for the proposed units. Chuck said 25 years. We would propose putting in motors in the hallways so they were not in the classrooms. It is also easier to repair. Lloyd said we have enough room in the corridor rather than in the classroom. They would be identical to the middle school units. Chuck said these are very conservative numbers.

Bernie said with all the impetus on savings, what type of government grants would be available. Scott said we would have to look into that for you. Bernie said an individual he talked to said the best way to get energy grants is to go to an outside entity through corporations that install them and leases them back to the school. Then the grant would pay for the project. Carl said we have just brought on a new individual that her expertise is in grants. We will have her look into this. Bernie said with the money we are looking at, even if we could fund half of that it would be beneficial.

There were no other comments.

Rich said with all the information presented tonight, is it in the best interest of the school corporation to pursue this? Dale said the bottom line is, "can we afford it?" He said he looked at that with what we can do. He has a few questions. What was the tax increase on the other project? On the \$24 million project, the board thinks it was between \$40 and \$50. Dale said when he looks at some of these projects, is it something we really have to have that we are asking taxpayers to do? One thing would be the football field.

Rich said we are going to do a committee of the taxpayers and make a decision on their proposal. They represent the community. We went through this process before. This is the same process. We can leave everything in there and let them decide what they want to decide on. It is our responsibility to let them decide.

Dr. Bender said the difference is how we can utilize funds. We can see the writing on the wall with the CPF. We are playing a lot of games in the CPF. We need to watch it. It is important to put it back on the community. The State has put this back on the taxpayers whether these facilities are maintained or they are deteriorating. Surrounding states that did this have suffered with facilities. We do not want this to happen here that we have good buildings and we leave them. We have good buildings because we maintain them. There are people who want the synthetic football field. Bernie said he would disagree with you. I have talked to a lot of people. Timing is everything. Trying to sell that to everyone is difficult. It is a community decision.

Bernie said if we want it to be a community decision, we want to put out what would be the best possible project. Bernie said if you put out a turf field, you will kill the project. Rich said Dr. Inabnet was ready to start a discussion on the field because he has concerns about injuries. Rich said 90% of everything I hear tonight makes perfect sense. We are improving students' atmospheres. That is our job.

Dr. Bender said if you prioritize, you will know that before it goes to the 1028 Hearing. LuAnn said you need to know what the issues are. They may not go with anything. Her only concern is that for \$24 million we got a whole new building and we are looking at \$20 million for renovations.

Dr. Bender said we also have an issue with the Olive track. It is not about the students. It is a community issue.

Rich said from what he is hearing tonight, we should proceed to put a community/staff committee together. We should begin the effort like we did with the middle school project. We should have a few meetings to get these people together. Al said when they meet, give them some alternatives to football fields - different options. Lloyd said he can bring you information regarding the turf field vs. current type fields. Rich said we need to have information and statistics for the community to review. Chuck said we can bring people here to discuss this.

Dr. Bender asked what type of timeframe do we need. Rich said we need to look at a November timeframe. Bernie said he would suggest after the first of the year for the first community meeting. Rich said previously the Board submitted names. They were criticized because there was no teaching staff on there.

Bernie said in doing your analysis on the turf field, could you bring a comparison between natural and artificial.

Keith said we would like to proceed on the design. Rich asked how much do we have to spend to keep that going. Keith said we have enough money to get construction documents. Rich asked if that is from what was presented or the suggestions. Lloyd said his only concern is the kitchen is stable. Size might change. What he is hearing is the possibility of doing something different with the design. That is the component that may be in-flux. If we get a design, we can focus on a project we are comfortable with.

Rich agrees with proceeding on the designs. Bernie asked if we are doing the kitchen. Keith said no. When we took the heat on the CPF, we knew we could not do the design. The whole funding just got wiped out. The \$1 ½ million wiped us out.

Dr. Bender asked the board members to come up with a list of community members for our meeting on Monday. We will approach the teachers' union to get a representative from each building. He will take this information to the Breakfast Club. He will ask them to generate names as well. Then it does not come just from the board. That could be a big plus. It could include any of them. Dr. Bender said that group represents a new, emerging population.

Bernie asked if we had a comparison of the electrical costs in the heating and cooling for each building. Keith had prepared that information for review.

On a motion by Baltes, the meeting was adjourned at 6:50 p.m.

Signed:

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President

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Vice-President

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Secretary

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Member

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Member