

December 19, 2024 Finance Committee Meeting Minutes

Attendees: Jamie Callanan (BoE), Melissa Finateri (BoE), Kristin Cacal (Community Member), Kristin Cacal (Community Member), Donna Dougherty (Community Member), Dean Martin (Community Member), Michelle Gosh, Victor Karlsson, Matt Wenz, Ann Marie Kovalski

Presenters: Rick Ganci, Capital Markets Advisors, LLP

Meeting began at 8:01am.

Victor Karlsson began the meeting by referencing the prior meeting minutes, which are available on the District's website. He outlined the agenda for the meeting, which included several topics: 1) proposed school boundary line adjustment with Carmel CSD and its potential school tax benefit; 2) review of the annual update to the District's Long Range Financial Plan; 3) review of Brewster Vision Capital Project Financing; and 4) Capital Project cost estimates and considerations.

The proposed school district boundary line adjustment with Carmel CSD was discussed first, and the potential tax benefits were shared. A residential housing development is under construction within the Town of Carmel, which will be increasing the School Taxable Assessed Value in both school districts, spreading the existing tax burden among a greater number of households. This would, in and of itself, reduce the tax rate within each of the three towns (Carmel, Patterson and Southeast) if considered independent of the other myriad of factors that go into determining tax rates each year. Discussions are ongoing with Carmel CSD to negotiate the exact boundary line and it is expected that any outcome would benefit Brewster CSD taxpayers.

The Long Range Financial Plan was reviewed, which paints an encouraging outlook in the short-term, while concern looms in the long-term based on external factors, such as future State Aid, pension obligations, and health insurance premiums. The unfunded New York State mandate requiring the implementation of electric school buses was discussed in greater detail. Additionally, potential changes to formulas used to allocate State Aid amongst the 700+ school districts throughout the state were discussed. The State is currently evaluating an independent report, provided by the Rockefeller Institute, although it is unknown at this time which, if any, of the recommendations will be adopted by the State. The District remains hopeful that any such recommendations, if adopted by the State, do not materially impact Brewster's State Aid allocations in the future.

Next, the financing plan for the Brewster Vision Capital Project was discussed. Rick Ganci, from Capital Markets Advisors, presented the amortization schedule for the District's existing debt from previous capital projects, highlighting the strategy to leverage expiring debt as the District begins to incur new debt for the Brewster Vision Capital Project. He shared the goal of maintaining an incremental approach to incorporating new debt so-as not to create large peaks or valleys in the District's debt payments each year. Mr. Ganci shared that the financing plan is complex due to anticipated changes in Building Aid, interest rates, and the cash flow needed to complete construction within the established timeline. Mr. Ganci indicated that the financing plan developed at the onset included conservative assumptions, and accordingly, the financing plan remains relatively unchanged. Mr. Ganci indicated that the District would be issuing its second Bond Anticipation Note (BAN) in February 2025, which will become due in the 2025-26 fiscal year. BANs would continue to be issued each year through the 2027-28 fiscal year, after which point a serial bond would be issued to permanently finance the Brewster Vision Capital Project.

Mr. Karlsson shared an update on the capital project cost estimates prepared by the District's construction professionals, which indicate that while overall project cost estimates appear within budget at this time, there is likely a need to transfer Capital Reserve funds already committed from Proposition 1 to Proposition 2. Mr. Karlsson reminded the Committee that this would not impact the Tax Levy or future borrowing because these funds are already on-hand and would simply be transferred between projects. However, several Alternates were identified subsequent to the March 2023 referendum, such as the 1st floor corridor at the CV Starr Cafetorium, 2nd elevator at the CV Starr Cafetorium, and the exterior bathrooms/storage/concession addition at the BHS Field House. Currently, it does not appear that funding will be available within the original authorization to proceed with these Alternates, unless a further drawdown from the Capital Reserve is requested from the Community. The Committee discussed the merits of each Alternate and the use of the Capital Reserve to fund them, which would not impact the Tax Levy or future borrowing. The general consensus was that the Board of Education should consider further discussions of these items and ultimately decide whether or not to put forth

a referendum to voters in May '25. Mr. Karlsson indicated that a Board Work Session is scheduled for Tuesday, February 4th, at which point the District's construction professionals would discuss these options in greater detail with more precise cost estimates.

And finally, Mr. Karlsson discussed the need to revise Board of Education Policy 5512: Fund Balance and Reserves, in light of recent Office of the State Comptroller audits of other school districts, citing a lack of specificity for reserve funds. Specifically, the audits recommended identifying targeted funding levels and conditions under which each reserve would be used.

The next Finance Committee meeting is scheduled for Tuesday, June 10th at 8am to review proposed changes to Board of Education Policy 5512, estimated Fund Balance at year-end, and recommendations for Reserve Fund allocations to be approved by the Board of Education at the June 24, 2025 meeting.

Meeting ended at 9:30am.

Respectfully submitted,

Victor Karlsson