

Special Board Mtg. BURLINGTON-EDISON SCHOOL DISTRICT May 23, 2018

The Board of Directors of the Burlington-Edison School District No. 100 met in a special meeting at 8:30 a.m. on Monday, May 23, 2018, in the Board Room of the District Office.

In attendance were Board President, Rich Wesen; Vice-President, David Lowell; and Board members, Roger Howard, and Bill Wallace.

Staff Members Present: Director of Finance and Technology, Joe Stewart and Deputy Board Secretary, Jennifer Dalton.

CALL TO
ORDER

The meeting was called to order at 8:30 a.m. by President Wesen.

This month the Pledge of Allegiance was led by President Wesen.

PLEDGE OF
ALLEGIANCE

President Wesen asked the Director of Auxiliary, John Leander, to present the bids for the high school gym remodel. Mr. Leander stated that there were two bids submitted. Of these two bids, Colacurio came in the lowest at \$4,487,600.00 with all the alternate bids included. The District has worked with them before on the Allen Elementary remodel. The other company was Wester Venture. There were also six different alternate bids.

INFO

Director of Finance and Technology, Joe Stewart, projected the starting cash flow from today through all the projects in the summer until the year 2020. He stated that the bid for the gym renovation project came in quite a bit higher than expected due to inflation and the limited companies available to do the work. Mr. Stewart stated that the analysis projected a \$1,000,000.00 shortfall in the Capital Funds from June – Oct. 2019. The shortfall will be because of the new way the legislation will roll out financing to school districts. The district will eventually have the money but it will be until the fall of 2019. He presented three options.

1) District could to vote to go for a short-term loan. Non-voted of debt. It would take a good year to pay the loan back with interest. The district has a dedicated funding stream, not like the past where the District didn't. The District would incur interest costs.

2) Possibly covering the shortfall with the District's general fund.

3) Forest funds and the possible sale of Peacock Lane could offset additional capital expenditures for next year. However, Mr. Stewart didn't want to count on this because the values are unknown. He stated that he didn't even have an appraisal on Peacock Lane so he wasn't sure of the value or when it might be sold.

INFO

Mr. Stewart went on to say that, the District can do this high school project, but he stated that in order to do this, the District might have to take on debt for short period and it would take a year to pay off. He estimated that he would need six months to prepare this loan unless he is able to get a line of credit from a bank.

Mr. Leander stated examples of some of the projects that might not get completed because of the high costs of the renovation project such as, but not limited to:

- Gym floor resurfacing BV and Edison
- Auto shop at HS
- Bus garage in Alger

Mr. Leander is in favor of continuing the renovation project as planned because the roof on the gym can't go on much longer otherwise we could be looking at serious damage like the fieldhouse and this became a very costly project. Plus he stated that if we waited to do this project next year, he thought the bids might potentially come in even higher due to inflation and a backlog of builders. He felt that this was a good business decision to move forward with this project and that the District had a responsibility to take care of their investments.

Mr. Wallace believed the District would receive approximately \$700,000.00 in the next 1 or 2 years from our forest funds. He would like to set up a meeting with Joe Stewart and the DNR to find out when the timing of this would be. He is comfortable with Mr. Stewart's cash flow projection possible loss. He stated that with forest funds coming in and the selling of Peacock Lane Property, if they actually had to ask for a loan, he felt comfortable doing so with the cash flow coming in.

Mr. Howard stated that he didn't like the term, non-voted debt because it is not 'non-voted' debt, the capital levy pays for the project which includes financing costs. He stated it is not common to bank roll a massive project like this and that the District will be fine paying back the debt because of the cash flow coming in from the approved capital levy. He didn't want to delay such a significant project that can be impacted by more inflation if we wait too long especially when the funding is there, it was just a timing thing.

Mr. Howard moved to approve the bid from Colacurcio Brothers for the high school remodel and all six alternates for a total \$4,487,600.00. Mr. Wallace seconded; motion carried.

APPROVAL OF
BID FROM
COLACURCIO
BROTHERS

At approximately 9:38 a.m., there being no further business before the Board, the meeting was adjourned.

Board President

Board Secretary