

SCHOOL BOARD WORKSHOP

GADSDEN COUNTY SCHOOL BOARD
MAX D. WALKER ADMINISTRATION BUILDING
35 MARTIN LUTHER KING, JR. BLVD.
QUINCY, FLORIDA

August 27, 2013

4:30 P.M.

This workshop was open to the public and electronically recorded.

The following Board members were present: Mr. Isaac Simmons, Chairman; Mr. Roger P. Milton; Mr. Charlie D. Frost; Mr. Judge B. Helms; and Ms. Audrey D. Lewis. Also present were Mr. Reginald C. James, Superintendent and Secretary to the Board; and others. Mrs. Deborah Minnis, Attorney for the Board, was absent.

1. CALL TO ORDER

The workshop was called to order by the Chairman, Mr. Isaac Simmons, at 4:35 p.m.

2. FINANCIAL DATA REPORT

Mr. Robert Presnell, County Manager, addressed the Board with the interest of the use of Havana Elementary School. He stated that the county is interested in economic development activities for the county. He congratulated the Superintendent, Board and staff for high performing schools.

Mr. Simmons stated that he was leaning towards selling the Havana Elementary School property for fair market value. He requested Mr. Presnell present to the Board a written proposal for the Havana Elementary School property.

Mr. James stated that only one individual had submitted a request in writing for the Havana Elementary School property. He stated that no formal proposals have been submitted at this time.

Mr. Rocky Pace addressed the Board to share general statements regarding the collective bargaining process.

Mr. Greg Kelly with Clemons & Rutherford Architect Firm shared with the Board a power-point presentation outlining a cost saving layout for the new PreK classroom at Havana Middle School.

Mrs. Wood introduced Attorney Jolynda Herring and Attorney Jason Brath with the Bryant Miller Olive Firm to share with the Board a power-point presentation explaining the lease-purchase financing and certificates of participation.

Attorney Herring stated that the lease-purchase of educational facilities was authorized by sections 1003.02 (f) 8, and 1013.15(2), Florida Statutes. She stated that the Issuance of Certificates of Participation (“COPs”) pursuant to an annual appropriation, lease – purchase structure has been consistently approved by the Florida Supreme Court. She stated that the majority of school districts in Florida finance the construction and improvement of educational facilities through lease-purchase arrangements. She stated that as of June 30, 2011, school districts in Florida have issued approximately \$13.5 billion of lease-purchase obligations to finance the cost of educational facilities. She stated that the School Board creates and controls a not-for-profit financing corporation for the purpose of facilitating the lease-purchase transaction. She stated that the School Board leases land to the financing corporation through one or more ground leases. She stated that the financing corporation arranges for the construction of the educational facilities on the land and borrows money for such purpose. She stated that the financing corporation leases the educational facilities back to the School Board and uses the lease revenues to repay the money borrowed for the construction. She stated that to secure the repayment of the borrowed money, the financing corporation assigns its interest in the ground lease and the leased educational facilities to a trustee. She stated that the trustee issues the COPs to the lenders who financed the construction of the educational facilities. She stated that the trustee collects the rent revenues from the School Board and uses them to repay the principal and interest components of the COPs.

Attorney Jason Brath gave the Board an explanation of the following financing documents: a) Corporate Documents create not-for-profit financing corporation and defines overall purpose and procedures of the corporation; b) Master Lease Purchase Agreement – between financing corporation and School Board; defines overall terms of lease agreement; c) Lease Schedule defines specific terms of the individual lease; d) Ground Lease – between financing corporation and School Board; defines terms of the land lease; d) Master Trust Agreement – between trustee, financing corporation and School Board; defines overall terms of the COPs transaction; e) Supplemental Trust Agreement defines specific terms of individual COPs issue; and f) Assignment Agreement assigns financing corporation’s interest in leases/ground leases to trustee. He stated that the term of any lease-purchase agreement, including the initial term and any subsequent renewals cannot exceed the lesser of the useful life of the educational facilities or 30 years. He stated that the initial term and any renewal term of a lease-purchase agreement expires on June 30th of each fiscal year, but may be renewed annually, subject to the School Board annually appropriating sufficient funds. He stated that Available Revenues to pay lease-purchase obligations include: PECO Funds, FEFP, the Capital Outlay Millage and any other fees and charges which may be used for school facility lease-purchase financing under State law. He stated that if the School Board defaults or fails to annually appropriate sufficient funds to renew a lease, the School Board surrenders possession of the educational facilities to the trustee. He stated that the failure to annually appropriate sufficient funds to renew a lease does not constitute a default or require payment of any penalty or in any way limits the right of the School Board to purchase or utilize other educational facilities similar to those subject to the lease-purchase agreement. He stated that if the School Board defaults or fails to annually appropriate sufficient funds to renew the lease, the School Board cannot be compelled to levy ad valorem taxes to pay the lease obligations. He stated that upon the retirement of the COPs, title to the educational facilities vests in the School Board.

During the lease-purchase financing and certificates of participation power-point presentation, Board members asked questions, shared their concerns, and made comments. The Board thanked Attorney Herring and Attorney Brath for sharing the information on lease-purchase financing and certificates of participation.

Mrs. Wood shared with the Board information on the school food service budget summary, insurance premium comparisons, and staffing allocation plans by fund. She stated that individuals using the concession stands must secure their own permit and lease license from the Health Department.

Mr. Bruce James shared with the Board an overview of deletion and disposal from capital assets – furniture, fixtures and equipment. He stated that as equipment was purchased, there was a constant deletion. He stated that the cost and value of computers is escalating. He stated that end of the year inventories were done by schools.

3. ITEMS BY THE SUPERINTENDENT

None.

4. SCHOOL BOARD REQUESTS AND CONCERNS

None.

5. The workshop adjourned at 5:58 p.m.