

Minutes of Finance Committee Meeting

Date of Meeting: Monday, September 18, 2017
Call to Order: 7:00 a.m.
District Attendees: Mr. Wade, Mr. Stepanovic, Mr. Cosgrove, Mr. Wilson and Mr. Meyer
Other Attendees: Kyle Anthony, Kevin Potter, Rob Skrbis, Joe Smolic and Jeannette Blankenship

The meeting was called to order at approximately 7:00 a.m.

Lake County Schools Council Health Care Benefits Program Update

Kyle Anthony from Oswald Insurance addressed the committee to update the committee on the results of long-term forecast of the cost of duplicating our existing medical insurance on a standalone basis with Medical Mutual of Ohio if the District decides to exit the Lake County Schools Council healthcare consortium.

Mr. Anthony reminded the Committee that we are focusing on Medical Mutual of Ohio because it is virtually impossible for a group our size without experience and a track record to get a quote for a standalone policy, but since Medical Mutual of Ohio has data regarding the District's history based on MMO's involvement in the consortium, it is able to (and, in fact, it has to) provide us with a quote for a standalone policy.

In obtaining the quote from Medical Mutual of Ohio, Mr. Anthony indicated that Oswald and MMO assumed our benefits (medical and prescription) would stay the exact same and the enrollment would stay the exact same so we have a true apples-to-apples cost comparison. Mr. Anthony indicated that today our gross annual premium is approximately \$1.82 million. He then reviewed, based on certain assumed premium growth rates, what our gross premium would be (i) if we stayed in the consortium and (ii) if we left the consortium and went with Medical Mutual of Ohio on a standalone basis. The results are summarized below:

	<u>Consortium</u>	<u>Medical Mutual</u>
2018/19	\$1,946,162	\$1,914,311
2019/20	\$2,076,555	\$2,025,341
2020/21	\$2,215,684	\$2,142,811
2021/22	<u>\$2,364,135</u>	<u>\$2,267,094</u>
Total	\$8,602,535	\$8,349,558

Mr. Anthony also noted that in order to leave the consortium, the District may be obligated to pay a termination fee of \$303,993. Mr. Cosgrove questioned the legality of the termination fee and it was determined that further diligence would be done on whether the fee was enforceable.

Mr. Anthony indicated that if the termination fee is added to the assumed MMO gross premiums, the District would not begin to see savings until about the 2022/23 year unless our experience as we move forward is such that it will give us the ability to move premiums down. Mr. Anthony said that the issue the District has today is that it does not have access to its historical experience/data—which makes it difficult to predict with any certainty what the District might be able to do in the future. Mr. Anthony indicated that one of the potential benefits of going to MMO is that we will control our own destiny and have more flexibility to get creative once we have access to our experience/data.

The Committee determined not to make any recommendation at the meeting regarding continued participation in the consortium until it had additional information based on an additional call with Mr. Anthony.

City of Kirtland CRA Proposed Ordinances

Next, the Committee discussed with Mr. Skrbis, Mr. Potter and Mr. Smolik the proposed community reinvestment act ordinances under consideration by the City of Kirtland. Specifically, the Committee discussed the potential impact of any such ordinances on the District. Members of the Committee questioned the objectives of the proposed ordinances and whether including other economic development tools to attract new industry to Kirtland had been considered. Mr. Meyer suggested that it might make more sense to develop a comprehensive strategic plan for generating economic growth rather than just adopting a CRA ordinance as a one-off measure. Members of the Committee also voiced concern that the inclusion of residential development in the ordinance could have an adverse impact on the finances of the District and questioned whether including abatement for residential development was necessary to attract housing to Kirtland. Members of Council indicated no decision has been made yet to include residential in the final ordinance and that they would consider the District's concerns before any final decision is made, but Mr. Skrbis did point out that all other CRAs in Lake County include residential abatement. There was some debate about whether the grant of tax abatement for residential under the proposed ordinance and the state statute was automatic or whether it was subject to approval by the City after a grant request was received by the City. Mr. Meyer indicated it was his belief that the award of residential abatement was automatic based on his reading of the ordinance and state statutes. Councilman Skrbis indicated he did not believe it was, but that he would re-read the proposed ordinance and state statute to determine if Mr. Meyer is correct.

Approval of August 24th Meeting Minutes

The minutes of the August 24th meeting were unanimously approved following a motion by Mr. Meyer.

Monthly Financial Update

Next, Treasurer Wilson provided his monthly financial update for the new fiscal year covering the two-month period ending August 31st, 2017. He noted that expenses are tracking to budget, but that receipts are down slightly. He noted there was nothing remarkable in the financials so far year-to-date and that food service continues to be a bright spot. Mr. Wilson then discussed the issue of real estate tax receipts for the second half of 2017 (tax year 2016) noting that our tax receipts are approximately \$364,000 below estimate. Roughly \$309,000 of that amount are delinquent taxes (a little higher than we were anticipating). Discussion ensued and it was noted that based on historical patterns we will collect roughly 90% of the delinquency in the next 12 months. Nonetheless, this is a very significant development, particularly after our shortfall (approximately \$300,000) in our last real estate collections.

Monthly Enrollment Summary

Next, Mr. Wade reviewed enrollment figures noting that we have 13 more in-District students than we had last year and we have 7 less out-of-District students than we had last year.

Cell Tower Lease Draft Agreement

Next, Mr. Wilson gave the Committee an update on the status of the amendment to the Cell Tower Lease—indicating that negotiations have essentially concluded and we have a final draft of the amendment. As noted in previous meetings, the amendment extends the terms of the lease for 75 years in exchange for a one-time payment of \$300,000. Mr. Meyer asked Mr. Wilson to fix the District’s name in the draft agreement and to confirm with outside counsel to the District that the District would be entitled to a share of revenue for any future ground leases within the area containing the existing cell tower. Subsequent to the meeting, counsel to the District confirmed that the amendment did not change the District’s right to retain revenue from any future ground leases.

EPA Bus Purchase Grant Update

Mr. Wade and Mr. Cosgrove indicated that we are in a holding pattern with respect to the receipt of the previously approved bus grant until certain positions within the U.S. EPA are filled by President Trump.

Future Levy Planning Update

Mr. Wade shared with the Committee a chart identifying the various dates and deadlines for a potential new money levy in either 2018 or 2019. No action was taken.

There was one question from Ms. Blankenship regarding the amount of funds held in the KHS Football Camp account and the anticipated use of those funds. Mr. Wilson indicated that there was approximately \$40,000 in that account and Mr. Meyer indicated that it was his understanding that those funds would be used to purchase equipment for the weight room

There were no other questions from the public and the meeting adjourned at approximately 10:05 a.m.