

03 15 2016 Work Session 12 30 PM

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A. New Business

1. [12:30-12:45 PM School Board Comments](#)

Minutes:

Mr. Mullenax

Mr. Mullenax commented on the recent Central Florida School Boards Coalition meeting he attended with Superintendent Byrd in Orlando. Some of the areas addressed on the agenda were legislative updates and general topics of concern among the members (such as graduation rates). Many members felt the topic of graduation rates required academic expertise, therefore, the academic department heads will be attending the next meeting. He also commented that at a future meeting Career Technical Education (CTE) will be discussed similarly. All district representatives participating in the sharing of information regarding graduation rate efforts in their individual counties prepared a document to reflect that information. Mr. Mullenax stated he will provide this to JoAnne Clanton if anyone would like a digital copy of this compilation. He also discussed some pertinent legislative items that did not pass, such as special referendums and recess.

Superintendent

Superintendent Byrd updated the Board on items of interest they had questions about previously:

BP funds update

Mr. Perrone and staff are working on this information and will bring details back to the Board.

Citrus Ridge progress update

The Superintendent will update the Board on this item personally. She and Rob Davis, Associate Superintendent of Operations, have met with facilities and Rodney Turner, , will be providing weekly updates as to progress being made.

Work Session agenda

The Work Session agenda format will soon be revised to reflect discussion items first since they require time and action with information items listed at the end of the meeting.

Rob Davis is Interim Associate Superintendent of Operations.

John Small is Interim Deputy Superintendent.

B. Board Agenda Review

2. [12:45-1:00 PM Review the March 15, 2016 School Board Meeting Agenda as REVISED](#)

Attachment: [03 15 2016 School Board Meeting Agenda Revised 3 8 16 5 30 PM.pdf](#)

3. [1:00-1:15 PM BREAK](#)

C. Information

Item 4

4. [Financial Statements for Period Ending December 31, 2015](#)

Attachment: [Agenda Item Form.pdf](#)

Attachment: [December 2015 Financial Package.pdf](#)

Item 5

5. [Financial Statements for Period Ending Janaury 31, 2016](#)

Attachment: [Jan 2016 Financial Package.pdf](#)

Item 6

6. ~~Safety Program Initiative update~~

Item 7

7. [New Teacher Center i3 Scale Up Grant MOU](#)

Attachment: [i3 Scale Up Grant NTC - Agenda Item Details.pdf](#)

Attachment: [Polk County PS i3 MOU Packet 1X 20160219.pdf](#)

D. Discussion

Item 8

8. [1:15-1:30 PM Draft Complaint - Sales Tax Election](#)

Attachment: [Complaint v2 \(03-07-2016\).pdf](#)

Minutes:

Mrs. Fields distributed a copy of the section of the minutes of December 8, 2015 that reflected the action that was intended to be taken in January by Wes Bridges, Counsel for the Board, based on the discussion at that meeting.

Mr. Bridges explained the lack of statute that has been an issue with the Board of County Commissioners in relation to the terms of their charter and the sales tax referendum that will not be up for vote until the general election. A proposed complaint has been developed to petition for declaratory relief would ask a judge to construe the statute and applicability of the county's charter. The document covers three areas that the judge should address:

1. The School Board has the discretion to define when the referendum should be placed on the ballot.
2. The County's roll in placing it on the ballot is ministerial in nature and not substantive.
3. The County's charter provision does not apply to the referendum requested by the School Board.

These questions would be answered by a judge as a matter of declaratory judgment and is not in the nature of a civil lawsuit. This action simply states "We do not know what the answer is, but here is what we think the answer ought to be," then it is left up to the Judge to make a ruling. If it is the consensus of the Board to authorize Mr. Bridges to follow through with this action, it can be filed tomorrow.

Mr. Wilson commented items that appear on a general election ballot are often overshadowed by higher priority items and having an opportunity for a special election allows for community involvement.

The Board Members are in consensus that Mr. Bridges should proceed.

Mr. Berryman asked how long this process will take. Mr. Bridges stated the County will have a period of time to respond (20-30 days); after that the intent is to set this action for a case management conference, then briefing. His hope is that the matter can be resolved on motions in 3-4 months, although that may be optimistic.

Item 9

9. [1:30-1:45 PM Refunding Series 2012B-1](#)

Attachment: [Polk Schools - March 2016 - 2012B-1 Termination.pdf](#)

Attachment: [PCSB Resolution.pdf](#)

Attachment: [Financing Corporation Resolution.pdf](#)

Minutes:

Mike Perrone, Chief Financial Officer, explained this action would refund the School District's variable rate debt and change it to a traditional fixed rate debt, by doing so, some of the risk will be removed. Today, the Board needs to decide if they would like to move forward with this.

Brent Wilder, representative for the PFM Group, presented the information needed to determine if the Board was interested in committing to this action. He explained this will be an exercise in determining what the Board decides it is most comfortable with, cost versus risk.

Mrs. Cunningham asked for verification that the swap termination payment would be \$4.5 million. Mr. Wilder confirmed it is. Mrs. Cunningham also asked when you increase the fixed rate will there be any way to recover the \$4.5 million. Mr. Wilder responded that there is no definitive way to answer, but it is conceivable that the District could recover \$4 million but will have a loss of \$500,000.

Mrs. Fields stated work of this nature has previously been brought to the Board by Jerry Ford of Ford and Associates. She would like to know if this venture has been vetted by Mr. Ford.

Mr. Perrone stated he has communicated with Mr. Ford about this and Mr. Ford would not recommend taking this action for various reasons including cost and risk. He said it was Mr. Ford's original recommendation to bring the variable rate option to the Board. This is merely a preference between different financial advisors. He also explained that one reason for considering this option is rating agencies say the negative rating works against your bond rating.

Mrs. Sellers asked if the existing rate with Wells Fargo is where the risk is involved because of the uncertainty of the future rate. Mr. Perrone stated it is. Mrs. Sellers also asked if the rate could be renegotiated prior to 2019 or extended to 2023. Mr. Wilder stated that has not been offered as an option and even so the percentage rate would go up. Mrs. Sellers stated she would like to find out if Wells Fargo will consider this option and if so, what would the rate be. She also asked what risk would be involved in waiting until next month to put this on the Board Agenda. Mr. Wilder stated there is no way of knowing because it has to do with ratios and financial curves of interest rates.

Mr. Wilson asked how this would improve the District's credit profile. Mr Wilder

commented a better rating would decrease future borrowing costs. Mr. Wilson stated he is not in favor of removing this from today's agenda.

Mr. Mullenax asked what difference this makes if the Board has no money to bond in the first place. He stated there is a program in place now and no matter which way the Board decides to go there is no 100% certainty of the outcome one way or another. What are the possible savings?

Mr. Harris asked if there are any plans to borrow money and if not, what will a better rating do for the School Board.

Mr. Berryman stated he supports moving forward with this action, but there would be value in finding out what the position of Wells Fargo is. He stated he cannot think of any information they could return that would change his position.

Mr. Wilson commented if the School Board did elect to borrow money this would set them up for better rates.

Mike Weiner, legal counsel from Holland and Knight, stated the direct placement agreements with Wells Fargo are based on existing ratings.

Mr. Berryman commented if the Sales Tax Referendum is passed, variable rates are probably going to go up, so this is the only option for savings and it is as much a policy matter as a financial matter.

Mr. Wilder stated this is a cost savings rather than a risk management exercise.

Mr. Mullenax stated it has been mentioned that this would increase the bond rating yet it has also been stated that increasing the fund balance will do the same. He asked which of these two priorities outweighs the other. Mr. Perrone stated it is a combination

Mr. Wilder stated financial guidelines are not as transparent as preferred. There is a black box effect. The fund balance has a huge impact however there are both financial and non-financial factors taken into consideration as well as credit and it is difficult to gauge which carries more weight.

Mrs. Sellers asked how likely would it be that Wells Fargo would reduce our interest rate since the District is increasing the fund balance which should result in the bond rating being decreased. Mr. Wilder stated terminating some of the swaps improves the credit profile. Mrs. Sellers commented the current rating appears to be good if the variable is not increased and it is left as is.

Wes Bridges, Counsel for the Board, asked for clarification of what a synthetic fixed rate is. Mr. Wilder stated it is a variable rate that is swapped from floating to fixed rate.

Mr. Mullenax stated he is not in favor of variable rates in finance, therefore he is in agreement with this action. He stated he is uncomfortable with a fixed rate

that cannot be clearly defined though.

Mr. Wilson stated he is very risk averse but if the District increases its rate there is an option of possibly do some bonding at a current interest rate and the savings on the interest rate could easily offset that cost per year.

Mrs. Fields stated she does not support this action.

Mr. Berryman asked for clarification as to what action is required of the Board today. The initial assumption was this was a work session item only, but it is scheduled to go back to back on the Board Meeting today to be voted on.

Mr. Wilson is not in favor of pulling this item from the agenda. He would like to vote on it today.

Mrs. Sellers asked if there is any certainty that Wells Fargo will not consider renegotiating and is there urgency to take action this month. Mr. Wilder stated the urgency has more to do with the ratio of financial curves than interest rates, but it is comparable to predicting the stock market. Mrs. Sellers asked and Mr. Wilder confirmed, that even if the Board votes today, there is no way to know what the cost will be because of the constant fluctuation.

Mr. Wilder stated if Wells Fargo would agree to extend the existing facility out to 2023, it might eliminate rollover risk in 2019. He advised establishing cost parameters to reflect the Board's comfort zone. When there is enough benefit in a risk profile to justify the cost, then he will execute whatever that level is. If that level is never achieved then the action is never taken.

Mr. Berryman supports moving forward with the action.

Mr. Perrone stated he and Mr. Wilder will contact Wells Fargo and update the Board with the results before the Board Meeting.

Mr. Wilson asked how Polk County stands regarding synthetic debt in comparison with other counties in the State, meaning does Polk have more synthetic debt than other counties in the state. Mr. Wilder stated there is no other district in the state that has over 20+%, however, Pasco County did have a similar situation. They terminated their swaps in 2014.

Mrs. Cunningham stated she is in favor of moving forward today because timing is everything.

Mrs. Sellers asked the other Board members their thoughts on the possibility that the cost might be \$1 million instead of \$500,000. Mrs. Cunningham stated this was splitting hairs. Mr. Wilson agreed with this statement and added the Board should proceed with this with the limit as is at \$1 million

Mr. Harris reiterated regardless of whether the Board takes any action today they will pay this debt off by 2023. It will not be accelerated but it would be a fixed rate as opposed to a variable rate. The total pay off for this debt is \$33.5

million.

The Superintendent asked for the consensus of the Board regarding follow up on this action. The Board agreed to leave the item on the agenda for a vote later today.

Item 10

10. [1:45-2:00 PM Group Health Plan - Annual Financial Report](#)

Attachment: [Polk County School District Draft Exhibits.pdf](#)

Attachment: [Actuarial Report Presentation updated 03 14 16.pdf](#)

Minutes:

Joy Myers, Senior Director of Risk Management, presented the annual financial report for the group health plan. She was joined by Janice Bush, Certified Employee Benefit Specialist for RobinsonBush Consulting Group; Nicole Hill, Analyst for Benefits and Risk; and George Hawkins, Actuary for Wakely Consulting Group. Mrs. Myers explained the State (FL Statute 112.08) requires self funded school districts to maintain a 60-day reserve for the current year, next year, and the following year in an effort to ensure there is enough money for organizations to pay claims. This must be documented, certified, and sent to the State by March 31.

Ms. Bush stated as the claims have gone up 4%-5% per year, the Polk County School Board plan 's revenue has stayed the same. Current projections show the plan will lose money this year. A one time adjustment was made of \$1.2 million last year, but it did not effect the projection. Projections are not always a clear indicator of what the balance will be. As an example, last year, the current year's plan projection was 47 days when the actual balance of days is 61. Next year's reserve projection is 33 days and the projection for the next 2 years will be a balance deficit.

Mrs. Myers stated the costs are being minimized with incentives, including the new (2nd) clinic. However, medical care is going up and there are some staff members who have been very sick.

Mrs. Cunningham asked if the new health clinic costs were in the documentation, and if there is an anticipated increase in cost savings now that there is an employee health clinic that may be more accessible to staff in the Lakeland area. Mrs. Myers stated all costs indicated include the health clinic expenditures. She commented early indicators show that the Lakeland clinic has a good response rate (1,000 patients in February) and that the patient numbers have stayed consistent at the Haines City location (900 in February). She said services begin provided at the Lakeland clinic include: physical therapy, workers compensation services, new hire physicals, and x-ray. She commented that tentatively \$1.5 million has been removed from the expected claims cost due to the addition of the clinic to offset the cost of employees who won't using services through the self-funded plan. There is

no tentative revenue projection for the Workers Compensation related services though.

Mr. Mullenax asked if retirees are part of this plan. Mrs. Bush stated non-Medicare retirees are on the self-funded plan and they have the ability to use the employee health clinics as well. Medicare eligible retirees are not part of this plan.

Mrs. Bush explained that the changes needed to balance the impending deficit and provide the required number of days in reserve through December 31, 2017 would increase the current cost of the employee fund rate from \$594 per month to \$695 per month on July 1 which would create a surplus balance of \$14.5 million.

Mr. Berryman asked if increases were factored in for spouses or dependents. Mrs. Myers replied these need to be negotiated and this will be discussed as next steps are determined. She added any change in premiums or plan design changes must be negotiated.

Next steps will begin with moving forward with the filing before deadline of March 31 and then wait for the response. Based on those results, strategies will need to be developed to cover the future plan costs, such as:

- Increase board contributions.
- Increase dependent/retiree contributions.
- Negotiate employee premiums.
- Negotiate plan design changes.
- Combination of all of these strategies.

Mrs. Cunningham asked when will future discussions about this matter and strategies take place. Mr. Perrone responded it will be in the budget work session.

Item 11

11. 2:00-2:10 PM Proposed 2017-2018 School Calendar

Attachment: ~~Committee Survey Results – 2018-2018 Winter Break Options.pdf~~

Attachment: ~~Absenteeism Rates – Winter Break Options.pdf~~

Attachment: ~~2-23-16 Work Session 17-18 Calendar Attachments.pdf~~

Item 12

12. [2:10-2:20 PM Create Positions and Job Descriptions for 2 i3 Mentors and 1 Induction Senior Manager, Induction Program Leader](#)

Attachment: [i3 Grant positions-3.15.16WS.pdf](#)

Minutes:

Item 13

13. [2:20-2:30 PM Create new Job Description/position for TRST Full Release Mentor](#)

Attachment: [Full Release Mentor 3.15.16WS.pdf](#)

Minutes:

Brian Warren, Acting Senior Director of Human Resource Services, commented these positions are grant funded through Title II and there is no additional cost to district.

Mr. Harris stated he understands there are no immediate costs to the District, but asked what the long term plans are for when the grant expires.

Jacqueline Bowen, Chief Academic Officer, stated existing funds are being rolled over to cover previous positions. Projects that were in place for 2-3 years will sunset in June and those funds have been reallocated. Funds were available last year for mentor positions, however, due to some shifts and staff changes the job description was not brought forward.

Item 14

14. [2:30-2:35 PM Request permission to update Job Description, Director, Writing](#)

Attachment: [Director Writing 3 15 16WS v2.pdf](#)

Minutes:

Item 15

15. [2:35 PM Executive Session](#)

E. Adjournment

Meeting adjourned at 2:30 pm. Minutes were approved and attested this 26th day of April 2016.

Kay Fields, Board Chair

Jacqueline M. Byrd, Superintendent