

ATLANTA PUBLIC SCHOOLS BUDGET AND FINANCE ADVISORY COMMITTEE MINUTES

May 20, 2015

PURPOSE

The Superintendent has established the Budget and Finance Advisory Committee (BFAC) for the purpose of providing guidance and counsel on matters of budget and finance as may be determined by the district administration. The Committee is comprised of representatives from the community, charter schools, principals, at-large, and central office.

Agenda

1. Budget Highlights
2. Budget for fiscal year 2016
3. Next Steps

Committee Members in Attendance

- **Community** – Youlanda Carr, Tammy Dixon, Clay Elrod, Felecia Josey, Mark Rebillot, Robert Stockwell, and David Payne
- **Charter Schools** -
- **At-Large** - Marshall Norseng and Cynthia Mickelbury
- **Principals** - Joseph Salley
- **Central Office** - Nader Sohrab

Committee Members Absent

- Linda Anderson, Tony Burks II, Cynthia Dumas, Buck Greene, Nicole Lawson, JaTawn Robinson, Chandra Selles, Clara Taylor, and Toni Terry

DISCUSSION

Nader Sohrab began the meeting by thanking everyone for coming out. He stated that he would begin with discussing highlights from the Budget Commission Meeting from March 19, 2015. There would be time allocated at the end of the meeting for open comments and questions. The highlights included final adoption of Budget on April 20, 2015. Also, the increase in funding for instruction, \$14.1 million for cluster flexibility, decreased funding in general administration from 6.7% to 3.2%, and the rightsizing of central administration by approximately \$6.0 million.

Nadar Sohrab also spoke about the final adoption of the Millage rate will be on June 1, 2015.

Nadar Sohrab gave a brief overview of differences in the definitions of Special Revenue Funds, Debt Service, and Capital Projects. The top sources of Special Revenue are Title I, School Nutrition, Special Education, Title II, Pre-K Lottery, and Other. He also stated that in the area of Nutrition, food costs are going up.

Nadar Sohrab stated that APS had a new partnership office to aid in increasing or replacing funds needed in the General Budget and that Federal funding will be eliminated. He also stated that smaller donations are tracked at the school level.

There was lots of discussion around the Pension process and the committee that was established to look for better ways to maintain and increase pension dollars.

Robert Stockwell elaborated on the objectives of the Pension Task Force and their ongoing pension discussion items. The objective is to make recommendations to the Atlanta Board of Education regarding the resolution of the unfunded pension liability for the City of Atlanta General Employees Pension Plan in conjunction with keeping students and schools first.

The members of the Task Force are Mr Jason Esteves, Co-chair, Ms. Nancy Meister, Co-chair, the Superintendent or Representative from Superintendent's Office, Ms. Yolanda Johnson, and Mr. Robert Stockwell.

The Pension Task Force began meeting in March of 2014 culminating with a recommendation at the March 2015 meeting.

The Pension Task Force Recommendations were Option 1, Stay the course, Option 2, Millage Increase, or Option 3, Pension Obligation Bonds. Proposed POB's will be tax neutral. Timeline for issuance and bond yields are critical to achieve savings.

There would be a savings of \$200 million and \$400 million POBs with a yield of 3.3% and a rate of return of 7.5%. Yields have ranged from 3.39% to 3.74% in 2015 for 20 year bonds. Current yield as of March 27, 2014 is 3.54% for 20 year bonds.

Another recommendation of the Pension Task Force was to introduce resolution authorizing the Superintendent to take action and submit issuance of pension obligation bonds in an amount not to exceed \$400 million for public referendum.

Highlights of the Board resolution was subject to public referendum, the Atlanta Board of Education has the power to issue pension obligation bonds under the Constitution of the State of Georgia. The aggregate principal amount of the pension obligation bonds is not to exceed \$400 million. A reserve fund and deposit amount not less than 5% of annual savings will be established to protect against future financial changes. State of Georgia Audits Department must certify pension obligation bonds fully comply with State law prior to issuance. Election will be called for on November 3, 2015 and in accordance with election laws of the State of Georgia. And Pension Obligation Bonds shall bear interest rates not exceeding 6% per year and maturing in 2036

At a high level, the next steps are, between May and June, the adoption of a resolution, authorizing the Superintendent to take action and the approval by the State of Georgia Department of Audits. Between June and November, the selection of a Financial Advisor, the selection of a Bond Counsel, the selection of a Bond Underwriter, and to authorize, approve, and submit POBs not to exceed \$400 million for public referendum. Finally, between November and January, to review yields of POBs at time of issuance and to authorize issuance of tax neutral POBs.

The final discussion of the evening centered on the list of committee recommendations. Because of the magnitude of the list, Nadar Sohrab commissioned the committee to cutting down the list to the top ten recommendations that seemed more feasible to complete in a short amount of time. Once completed the committee would email the ranking to the Finance Department for discernment as to whether the items can be completed and in what span of time of completion.

The meeting was adjourned.

Next Meeting – TBD, Proposed late June or early July, 2015

We look forward to working with you and your support in our efforts to improve community involvement and transparency in the District's budget process.

Thank you.