

SCHOOL CITY OF HOBART
BOARD OF SCHOOL TRUSTEES
WORK SESSION MEETING
May 16, 2024

The Board of School Trustees of the School City of Hobart met in a work session on May 16, 2024, in the Board Room at Hobart High School, 2211 East Tenth Street, Hobart, Indiana.

ROLL CALL: President Terry Butler asked Board Members to log in. The following Board Members and administrators were present or absent as noted:

Board Members Present:

Terry D. Butler
Rikki A. Guthrie
Sandra J. Hillan
Frank Porras
Karen J. Robbins
Donald H. Rogers
Stuart B. Schultz

Administrators Present:

Peggy Buffington
Bob Glover
Christopher N. King
William J. Longer
Jonathan Mock
Tim Krieg
Felix Perry

EXECUTIVE SESSION: No executive meeting was scheduled.

CALL TO ORDER: President Butler called the meeting to order around 5:30 p.m.

PLEDGE OF ALLEGIANCE: President Butler deferred the Pledge of Allegiance to the regular session meeting.

AUDIENCE: There was no one in the audience for the review of Board Policy updates, but for the Long Range Planning for the School District, the following were present via Zoom: Jim Elizondo from Stifel, Dennis Ott from Bose McKinney, and Jim Thompson from Gibraltar Design.

REVIEW: Board Policy Updates (5:30-6:00 PM): Board Attorney William J. Longer reviewed fourteen exhibits of proposed updates to Board Policy with the Board.

LONG-RANGE PLANNING FOR THE SCHOOL DISTRICT (6:00-7:00 PM): The work session included a presentation, via Zoom, from the School City of Hobart's financial planner, Jim Elizondo, for long-range planning of operations and capital improvements in our schools. Others present via Zoom were Dennis Ott from Bose McKinney and Jim Thompson from Gibraltar Design.

Dr. Peggy Buffington, Superintendent, reviewed some of the options that have been discussed, as part of the long-range planning are as follows:

- The need to maintain the district's facilities, and how that could be done since the school district was no longer able to do the \$1,000,000 notes because of changes in legislation.
- Getting ready to renew the Operations Referendum so that the district would be able to keep the district's transportation system intact.
- Do they want to do a Capital Referendum at the same time, as well as looking to build an intermediate school?
- Need to continue to monitor room space at the schools and it was noted they are okay right now. However, they were no extra classrooms. Joan Martin used four classrooms for special needs students.
- Monitor enrollment and told that 148 students are using vouchers to attend schools elsewhere that has decreased our enrollment.
- The shift in enrollment moved to Veterans School, and all their classrooms are being used now; the middle school is landlocked
- Not too long ago, the district's enrollment was around 4,200, but now it was around 3,900. The only difference was that class sizes were a little bit larger.
- Wait and see on new housing developments. Two housing developments mentioned were (Cressmoor with possibly 450 units and housing developments in the 61st Avenue area), and it was unknown how they would affect the district's enrollment. At this time, it was thought it would be best to wait and see how fast they progress and if the enrollment would be affected.
- Mentioned the continuing need for maintaining building facilities. (Some roofs will need replacing and other similar type maintenance projects, technology needs and transportation.) Not anticipating a larger enrollment that would generate more revenue.
- The possibility of a land purchase was mentioned but that was to be a discussion for another day.

Dr. Buffington expressed her appreciation to everyone who assisted with the information and data for the presentation.

Jim Elizondo reviewed his presentation with the Board. He first highlighted the Key Terms and Discussion Points as follows:

- Exempt Debt Service – Bonds that were passed via capital referendum.
 - Bonds are not subject to circuit breaker loss.
 - Outside of 1% property tax cap for homeowners
 - Levies in exempt property tax funds collect the assessed value of TIF districts
- Non-Exempt Debt Service – Bonds that were NOT passed via capital referendum.
 - Bonds are subject to circuit breaker loss.
 - Included in 1% property tax cap for homeowners
 - Does not include the assessed values of TIF Districts.
- Controlled Project – project is subject to taxpayer opposition. Depending on the size of the project, bonds would be subject to a petition-remonstrance race or referendum
 - HEA 1499 in 2023 states that Schools which have a debt service rate over \$0.80 must put all borrowings on a referendum ballot. In the 2024 legislative session, they removed exempt debt service from the \$0.80 calculation and therefore only includes non-exempt debt service and pension bond. In 2024, School City of Hobart's non-exempt debt service rate is \$1.0258. Therefore any borrowing would have to go to a referendum ballot until the School's rate is below \$0.80.
 - The School City of Hobart's non-exempt debt service rate is projected to be under \$0.80 in 2028.
- Non-Controlled Project – Project is subject to only board approval and not taxpayer opposition. Based on the current statute, a School Corporation's combined debt service rate must be under \$0.40. If School City of Hobart's rate falls under \$0.40, then any project under \$6,350,000 would be non-controlled.

Mr. Elizondo highlighted the following graphs:

- Current Debt Services Rates with the notations that the current combined Debt Service Tax Rate is \$1.1898, Exempt Debt Service Rate = \$0.1640, and Non-Exempt Debt Service Rate = \$1.0258, and the Exempt rate increase from \$0.16 in 2024 to \$0.50 in 2030. The graph was for the years 2023 through 2038 for the Non-Exempt Debt Service and Exempt Debt Service.
- Current Total Tax Rates with the notation that the current total rate is \$1.8468, and the graph was for the years 2023 through 2047 for the Operations Fund, Operating Referendum, Existing Debt Service, and Exempt Debt Service.
- Financing Option: Lower Operating Balance in 2025 for Non-Exempt Debt Service Rate to be under \$0.8000
 - Lowering Operating Balance in Non-Exempt Debt Service Rate with the notations that lowering Operating Balance to achieve a debt service rate under \$0.80 in 2025 and total tax rate will decrease in 2025 but increase back to historical levels in 2026. The graph was for the years 2023 through 2038 for the Existing Debt Service and Lowering of Operating Balance.
 - Lower Operating Balance – Resulting Tax Rates with the notation that Non-Exempt Debt Service Rate is under \$.8000 in 2025 with a graph for the years 2023 through 2038 for the Existing Debt Service.
 - Lower Operating Balance – Resulting Tax Rates with the notation the total rate decreases from \$1.8468 in 2024, to \$1.6223 in 2025. The graph was for the years 2023 through 2048 for the Operations Fund, Operating Referendum, Existing Debt Service, and Exempt Debt Service.
- Scenario 1 - \$19.050MM in 2025 + Capital Referendum in 2027 (if needed)
 - 2025 Bonds: \$19.050MM Non-Exempt with notations that total tax rate increases back to \$1.8468 in 2025 and Non-exempt debt service rate remains above \$0.80 through 2028. The graph was for the years 2023 through 2048 for the Operations Fund, Operating Referendum, Existing Debt Service, Exempt Debt Service, and 2025 Bonds – Facility Improvements - \$19.050MM.
 - 2025 Bonds: \$19.050MM Non-Exempt + 2027 Bonds: \$51.490 Referendum and the graph was for the years 2023 through 2048 for the Operations Fund, Operating Referendum, Existing Debt Service, Exempt Debt Service, 2025 Bonds – Facility Improvements - \$19.050MM, and \$2027 Bonds – New IS - \$51.49MM.

- 2025 Bonds + 2027 Referendum Bonds + Max Capacity and the graph was for the years 2023 through 2048 for the Operations Fund, Operating Referendum, Existing Debt Service, Exempt Debt Service, 2025 Bonds – Facility Improvements - \$19.050MM, 2027 Bonds – New IS - \$51.49MM, and Future Capacity - \$49.650MM.
- 2025: \$19.050MM Non-Exempt + 2027 Bonds: \$51.490MM Referendum (Not a graph but a breakdown of costs for 2025 Facility Improvements – Non-Exempt and 2027 Intermediate School – Referendum.)
- Scenario 2 - \$19.050MM in 2025 with Tax Rate Cliff in 2028
 - 2025 Bonds: \$19.050MM Non-Exempt with the notations that the total tax rate increases back to \$1.8468 in 2025 and achieve a non-exempt debt service tax rate under \$0.80 in 2028. The graph was for the years 2023 through 2048 for the Operations Fund, Operating Referendum, Existing Debt Service, Exempt Debt Service, and 2025 Bonds – Facility Improvements - \$19.050MM.
 - 2025 Bonds: \$19.050MM Non-Exempt + 2027 Bonds: \$51.490MM Referendum for the years 2023 through 2048 and for the Operations Fund, Operating Referendum, Existing Debt Service, Exempt Debt Service, 2025 Bonds – Facility Improvements - \$19.050MM, and 2027 Bonds – New IS - \$51.49MM.
 - 2025 Bonds + 2027 Referendum Bonds + Max Capacity with a notation of allows for future capacity to begin one year earlier (2028) but will cause a drop and subsequent increase in tax rate in 2028/2029. The graph was for the years 2023 through 2048 for the Operations Fund, Operating Referendum, Existing Debt Service, Exempt Debt Service, 2025 Bonds – Facility Improvements - \$19.050MM, 2027 Bonds – New IS - \$51.49MM, and Future Capacity 2028 - \$45.350MM.

After the presentation there was discussion, and some of the comments are as follows:

- If the Operating Referendum was not renewed, student transportation would have to be eliminated.
- Noted the elimination of student transportation should be one of the talking points when discussing the Operating referendum.
- Will continue watching enrollment and what is happening with the Cressmoor development and it was mentioned that they had some soil contamination issues
- ESSER funding was ending.
- If enrollment were to spike at a school, a portable might be an option, but no one was interested in using Ridge View.
- The importance of trying to keep the tax rate level.
- Being an open school district was not a good option because it would be hard to service children who do not live in the school district.
- In 2025, when the debt service tax rate would be below \$0.80, the district would be able to do a bond issue on a petition-remonstrance rather than having to do a referendum.
- The petition-remonstrance bond issue could be used for facility and technology updates and other necessary projects.
- Noted that another work session was being scheduled next month so that the Board could be updated on the funds needed for the petition-remonstrance bond issue.

Dennis Ott from Bose McKinney addressed some of the timelines for an Operating Referendum and noted getting the question approved would require action by the Board by the end of the year, January at the latest. He said he would forward the timeline information to Dr. Buffington. Jim Thompson from Gibraltar had no comments but was available as needed.

ADJOURNMENT: There being no other business designated for the work session, President Butler adjourned the meeting around 6:55 p.m.

BOARD OF SCHOOL TRUSTEES
SCHOOL CITY OF HOBART

Terry D. Butler, President

ATTEST:

Sandra J. Hillan, Secretary

Submitted for Approval: June 6, 2024