

The Finance Committee of Franklin City Schools met at the Hampton Bennett Building in the Board Conference Room on Monday, December 8, 2008, at 6:00 p.m.

Roll By Sign-In

Present: Board Co-Chairs: Mrs. Lori Raleigh Mr. Chris Sizemore
Mr. Arnol Elam, Superintendent and Mrs. Jana Bellamy, Treasurer
Mr. Cicero Feltner, Mr. Ian Madden

Absent: Mr. Denny Centers, Mrs. Amy Creech, Mr. Gary Myers, Mr. Ron Ruppert

Staff: Mrs. Jean Creech, Technology Director

Guest: Mr. Paul Hillard, Board Member
Caris Orsborne
Omar Ganoom, Managing Director, Investment Banking with Butler, Wick & Co., Inc.

Mr. Sizemore introduce Caris Orsborne. Ms. Orsborne has been asked to join the finance committee.

Discussion Items:

I. Investment Policy

Mrs. Bellamy provided the current Investment & Depository Policy, which was adopted September 8, 1996, and proposed Investment Policy DRAFT. Also provided, were the FY09 Annual Spending Plan and a November 30, 2008 Investment Report.

Mrs. Bellamy explained her primary goal was the preservation of principle and the district has never lost any principle. However, the district has not necessarily maximized its interest earnings through various investments. The first two primary goals is the preservation of principle and liquidity. This assures there will be no principle loss and the district has the ability to pay debts. Mrs. Bellamy said the Investment Policy has taken the back burner for a few years, because you can't really invest when you don't have any money.

Committee members laughed and concurred with the statement.

Mrs. Bellamy introduced Omar Ganoom, Managing Director, with Butler, Wick & Co., Inc.

Mr. Ganoom reviewed the changes allowed in the Investment Policy. Since approval of the current policy (9/8/96), legislation has changed. Ohio Revised Code 135.14. (A copy of O.R.C. 135.142 has been provided after meeting adjournment.)

Mr. Ganoom described the current economy and aspects of the government involvement (bailouts). The current investment potential is bleak. Current rates are: 10 Year Treasurer = 2.74%; STAR = 1.67% and Money Market (AAA) = 1.11%.

The District's current weighted Average Rate of Return is 1.85%, which is not too shabby for today's market.

Mr. Feltner asked about the current depository agreements and the length of the contract.

Mrs. Bellamy said the depository agreements are for five years and will expire in 2011. (August 23, 2006 – August 23, 2011) At that time, an RFP (bid) packet will be sent out to the banks for another five year depository agreement period.

Mr. Feltner noted several new banks within the school district and asked about the distribution of the RFP.

Mrs. Bellamy said that all known banks within the school district would receive packets and thanked Mr. Feltner for mentioning them.

Mrs. Raleigh asked the committee members to review the proposed investment policy and provide feedback. After everyone has had time to review the information, the committee will reconvene to discuss possible recommendation to the Board of Education.

I. Tax Budget

Mrs. Bellamy provided a document providing the following data:

- 2008 Property Values
- 2008 Tax Rates (Millage)
- FY2010 Revenue Estimate
- 2009-2010 Tax Budget
- 5-Year Forecast

Mrs. Bellamy reviewed the amounts request of the Budget Commission, as follows:

General Fund	\$13,650,000
Bond Retirement Fund	\$ 240,000
Library Bond Retirement Fund	\$ 195,000
Permanent Improvement Fund	\$ 490,000

Mrs. Bellamy explained the Permanent Improvement Fund to Mr. Ganoom and asked if borrowing could be done with the fund.

Mr. Ganoom said borrowing could be done at one half plus interest for up to a ten year period, as a limited tax obligation.

Mr. Hillard discussed municipality borrowing limitations and possible effects of inside millage borrowing.

The possibility of PI fund borrowing was discussed at length and it was determined that legal counsel would be consulted in the event of any debt issuance for the fund.

The Finance Committee reviewed the 5-Year Forecast and its relation to the Tax Budget.

Mr. Sizemore pointed out Fiscal Year 2009 is the first year the expenses exceed the revenue (Line 6.010). The emergency levy expires December 2010, which is during Fiscal Year 2011. In that

year, expenditures exceed revenue by a projected \$3,120,680. Mr. Sizemore suggested the committee begin discussing this situation.

The Finance Committee concurred.

Mrs. Raleigh polled the members for available dates for the next meeting. The next meeting will be held on February 2, 2008 at 6:00 p.m. in the Hampton Bennett Board Conference Room. Agenda topics will include (1) Investment Policy and (2) Levy Options.

Thank you to all participants.

Adjournment

The Finance Committee adjourned at 7:31 p.m.

135.142 Board of education investment of interim moneys.

(A) In addition to the investments authorized by section 135.14 of the Revised Code, any board of education, by a two-thirds vote of its members, may authorize the treasurer of the board of education to invest up to twenty-five per cent of the interim moneys of the board, available for investment at any one time, in either of the following:

(1) Commercial paper notes issued by any entity that is defined in division (D) of section 1705.01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes all of the following apply:

(a) The notes are rated at the time of purchase in the highest classification established by at least two standard rating services;

(b) The aggregate value of the notes does not exceed ten per cent of the aggregate value of the outstanding commercial paper of the issuing corporation;

(c) The notes mature no later than one hundred eighty days after purchase.

(2) Bankers' acceptances of banks that are members of the federal deposit insurance corporation to which obligations both of the following apply:

(a) The obligations are eligible for purchase by the federal reserve system;

(b) The obligations mature no later than one hundred eighty days after purchase.

(B) No investment authorized pursuant to division (A) of this section shall be made, whether or not authorized by a board of education, unless the treasurer of the board of education has completed additional training for making the types of investments authorized pursuant to division (A) of this section. The type and amount of such training shall be approved and may be conducted by or provided under the supervision of the auditor of state.

(C) The treasurer of the board of education shall prepare annually and submit to the board of education, the superintendent of public instruction, and the auditor of state, on or before the thirty-first day of August, a report listing each investment made pursuant to division (A) of this section during the preceding fiscal year, income earned from such investments, fees and commissions paid pursuant to division (D) of this section, and any other information required by the board, the superintendent, and the auditor of state.

(D) A board of education may make appropriations and expenditures for fees and commissions in connection with investments made pursuant to division (A) of this section.

(E)(1) In addition to the investments authorized by section 135.14 of the Revised Code and division (A) of this section, any board of education that is a party to an agreement with the treasurer of state pursuant to division (G) of section 135.143 of the Revised Code and that has outstanding obligations issued under authority of section 133.10 or 133.301 of the Revised Code may authorize the treasurer of the board of education to invest interim moneys of the board in debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies and issued by entities that are defined in division (D) of section 1705.01 of the Revised Code. The debt interests purchased under authority of division (E) of this section shall mature not later than the latest maturity date of the outstanding obligations issued under authority of section 133.10 or 133.301 of the Revised Code.

(2) If any of the debt interests acquired under division (E)(1) of this section ceases to be rated as there required, its issuer shall notify the treasurer of state of this fact within twenty-four hours. At any time thereafter the treasurer of state may require collateralization at the rate of one hundred two per cent of any remaining obligation of the entity, with securities authorized for investment under section 135.143 of the Revised Code. The collateral shall be delivered to and held by a custodian acceptable to the

treasurer of state, marked to market daily, and any default to be cured within twelve hours. Unlimited substitution shall be allowed of comparable securities.

Effective Date: 06-30-1997