



Research Triangle High School

Finance Committee

Date and Time

Friday January 11, 2019 at 1:00 PM EST

Location

Usually call in or Zoom

Topic: Pamela Blizzard's Personal Meeting Room

<https://zoom.us/j/9194264274>

One tap mobile

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Dial by your location

+1 646 876 9923 US (New York)

Meeting ID: 919 426 4274

Agenda

I. Opening Items

Opening Items

A. Record Attendance and Guests

B. Call the Meeting to Order

C. Approve Minutes

Approve minutes for Finance Committee on October 8, 2018

II. Finance

Finance

A. 1. Review Budget Update 12-31-18 from Nicole

1. I will have the transactions list for Technology (without Erate, which I see there noted)
2. Maintenance and Repair I have a handle on, fyi. Our HVAC has required tons of work this fall, and we were watching it every occasion.
3. For Furniture and Fixtures, we are planning to spend at least \$20,000 on updating more classrooms before the end of the year.
4. We have also received a \$50,000 REAP federal grant to pay for Teacher Assistants for support for less-advantaged students.

B. 2. Short Term Disability expansion

Our attorney, who is helping us formalize our Family Medical Leave Act policy, suggested we adopt Short Term Disability for all, with a minimum coverage paid for by the school, to ensure more employees had coverage for the medical part of FMLA at any rate. I have received two proposals, and may get a third, for this. One is an outstanding offer for very inexpensive 30% coverage, with an equally inexpensive buy-up-to-30% option for employees. Total impact on our budget will be about \$5,000 a year. Board approval is not necessary but I wanted to inform the Committee about this excellent opportunity.

C. Pursuing investment grade rating for our bonds

Our bond covenants require us to have bankers now review our financial and governance status annually in December to determine if we could apply for an investment grade rating, to the betterment of our bondholders. BB&T did this for us in December. Their opinion is attached, and we should discuss this *wrt* its impact on expansion of our facility.

D. 3. Capital Expenditures - Future gym/classrooms

In reviewing our bond documents for another report, I was reminded of the terms for one portion of our bonds. We had to offer/sell a "taxable tail" of \$310,000 to cover the high leverage that we were doing on these bonds. These SeriesB bonds were only for 5 years, and so we are already approaching the fourth year of their payoff, which is about \$87,603 a year.

Implications are twofold:

1. By 7/1/2020 our annual bond payments will drop by \$87,000 a year, freeing up that much operating revenue for, say, a gym/classrooms.

2. We may have the option (being investigated by our BB&T bankers and myself) to prepay the entire SeriesB bonds with some of our cash surplus NOW, and thus free up our cash flow immediately. Terms for prepayment have to be resolved with the actual bondholder(s), but given that they are at 4.375% that may possibly be negotiated.

FYI.

PS I'm throwing the word tranche into this note, just because.

III. Other Business

A. Educational presentation to full Board

From the retreat, we should schedule a "walk through our financial reports" to ensure all Board members are up to date and get all their questions answered about how we track and report Revenues and Expenses.

IV. Closing Items

A. Adjourn Meeting