

**CAMDENTON R-III SCHOOL DISTRICT
MINUTES OF BOARD OF EDUCATION MEETING**

**Special Meeting – Administration Office Board Room
October 25, 2016 – 5:30 p.m.**

Present:			
Chris C. McElyea	President	Dr. Tim Hadfield	Superintendent
Nancy A. Masterson	Vice-President	Dr. Ryan Neal	Asst. Supt.
Selynn Barbour	Treasurer	Dr. Julie Dill	Asst. Supt.
Tom Williams	Member		
Courtney R. Hulett	Member	Linda Leu	Secretary
Absent:			
Jackie Schulte	Member		
Laura Davis	Member		

I. CALL TO ORDER & RECITE PLEDGE OF ALLEGIANCE

The Camdenton R-III Board of Education met in Special Session at the Administration Office Board Room on Tuesday, October 25, 2016. The meeting was called to order by President McElyea at 5:33 p.m. and the pledge of allegiance was recited.

II. APPROVAL OF AGENDA

Special Meeting – October 25, 2016
Strategic Plan Goal Area – Stakeholder Engagement

Motion: Move to approve the agenda of the Special October 25, 2016, meeting as presented.
Barbour/Masterson – all ayes.

III. ACCEPT REBATE CHECK FROM MSBA

Mike Parnell, Associate Executive Director from MSBA, presented a rebate check to the district resulting from the use of MSBA's P-card program.
Strategic Plan Goal Area – Stakeholder Engagement

No motion necessary.

IV. STUDENT & STAFF RECOGNITIONS

Student and staff recognitions included:

- Garrett Mason – qualified for sectionals in Cross Country.
 - Jody Hilton – honored as one of the seven DESE Missouri Teacher of the Year finalists.
 - Dawn Matthews – she is currently serving as President of the Missouri School Nutrition Association.
 - David Swantner – he was selected for the MSTA Leadership Class of 2016.
- Strategic Plan Goal Area – Stakeholder Engagement

No motion necessary.

V. CONSENT ITEMS

A. Approve Minutes of September 27, 2016, Board Retreat
Strategic Plan Goal Area – Stakeholder Engagement

B. Accept Lease Agreement for a Vehicle for the Afterschool Program

A summary of bids received to lease an SUV to transport students involved in afterschool programs was presented. Recommend accepting the bid from Hulett Chevrolet-Buick-GMC.
Strategic Plan Goal Area – Stakeholder Engagement

Motion: Move to approve consent items as presented.
Barbour/Williams - all ayes; Hulett abstained, absent/nepotism.

VI. APPROVAL OF BILLS

Strategic Plan Goal Area – Stakeholder Engagement

Motion: Move to approve all bills as submitted, excluding bills from Phillips, McElyea, Carpenter & Welch.

Barbour/Hulett - all ayes.

Motion: Move to approve bills from Phillips, McElyea, Carpenter & Welch as presented.
Hulett/Williams - all ayes; McElyea abstained, nepotism.

VII. ACCEPT BID FOR UNDERWRITING BOND SERVICES

The district recently reviewed proposals regarding bond underwriting services. Underwriters presented to a committee of the Board on October 14th.

Strategic Plan Goal Area – Stakeholder Engagement

Motion: Move to accept the bid from George K. Baum as recommended.
Williams/Masterson - all ayes.

VIII. BOARD RETREAT FOLLOW-UP

At a previous Board meeting and at the Board Retreat the board mentioned communications with patrons via the district newsletter. A subcommittee was formed consisting of Nancy Masterson, Tom Williams, and Laura Davis to determine pertinent topics to be publicized. The Board also reviewed updated financial information. George K. Baum & Company provided the September 2016 General Revenue Update report prepared by J. R. Moody.

Strategic Plan Goal Area – Stakeholder Engagement

No motion necessary.

IX. BOARD WRAP-UP

This is an opportunity for the Board to report on upcoming meetings, meetings attended, registrations, and deadlines.

- Board Activity Calendar
- November 14th Board Meeting Reports tentatively include: Federal/State Programs including Parent, Family & Community Involvement, PASS, ELL, Immigrant, Migrant, Homeless; LCTC Annual Report; and the Annual Performance Report (APR).
- November Special Board Meeting – November 22, 2016? To be determined.

Strategic Plan Goal Area - Stakeholder Engagement

No motion necessary.

X. EXECUTIVE SESSION

In compliance with State Statute 610.021 (closed meetings and closed records), move that the Board go into Executive Session for the following purposes:

- 1) Leasing, purchase or sale of real estate by a public governmental body (610.021)(2).
- 2) Hiring, firing, disciplining, or promoting particular employees (610.021)(3).
- 3) Individually identifiable personnel records, performance ratings, or records pertaining to employees (610.021)(13).

Strategic Plan Goal Area – Facility Effectiveness, College & Career-Ready Curriculum & Stakeholder Engagement

Motion: Move to adjourn to Executive Session.

Barbour/Hulett - Roll call vote: Masterson – aye, Barbour – aye, McElyea – aye, Williams – aye, and Hulett – aye.

XI. ADJOURN MEETING

Motion: Move that the meeting adjourn.

Masterson/Barbour - all ayes.

Meeting adjourned at 7:40 p.m.

Chris C. McElyea – President of the Board

Linda Leu – Secretary of the Board

DRAFT

AFTERSCHOOL PROGRAMS SUV LEASE

October 2016

The following bids were received to lease an SUV for the Afterschool Programs.

Company	Monthly Bid
*Hulett Chevrolet-Buick-GMC 2016 Chevrolet Suburban	\$589.33/month
Sakelaris Ford Lincoln 2016 Ford Expedition	\$857.27/month

**Recommend Hulett Chevrolet for a suburban for the 21st Century Community Learning Centers afterschool program. This vehicle will be used to transport students home from afterschool and to transport students and equipment for the robotics competitions that are tied to the afterschool program. This bid gave the district 2,000 more miles per year allowable usage than the other bid. The monthly payment for the lease is \$ 589.33 which is \$267.94 less than the Ford Expedition from Sakelaris.*

October 10, 2016

Phillips, McElyea, Carpenter &

Total Phillips, McElyea, Carpenter &

Professional services

552.75

552.75

DRAFT



16401 Swingley Ridge Road • Suite 210 • St. Louis, Missouri 63017 • (636) 537-9319 • 1-866-264-4437
 Fax: (636) 537-9005

September 23, 2016

Dr. Timothy E. Hadfield,
 Superintendent
 Camdenon R-III School District
 P.O. Box 1409
 Camdenon, Missouri 65020-1409

Dear Dr. Hadfield:

Please know that L.J. Hart & Company very much appreciates this opportunity to submit a proposal to serve as the municipal bond underwriter for the Camdenon R-III School District. We are pleased to be selected to compete for the 2013B Taxable General Obligation Bonds, which are both callable at no penalty on March 1, 2017, as well as an advance refunding of the Series 2013A and the Series 2014 General Obligation Bonds with respective call dates of March 1, 2021 and March 1, 2022. We also understand that the District has approximately 100 employees and is currently in the process of evaluating the 2013 election for or against a referendum, but unissued, bonds approved at the April 2, 2013 election for consideration.

With our proposal we address each of these items and carefully follow the format of the RFP by supplying the requested data and information for each item. We have also developed a professional response to an RFP with this many different plans to study. We have included under tab 7 a detailed letter of explanation of each of the financial opportunities available as well as the challenges of keeping a debt service fund levy that is too high for the District's existing bonds. It is designed to be user friendly to permit the reader to follow paragraph by paragraph as the various ideas are presented.

This is an important decision point for the administration and the Board of Education of the Camdenon R-III School District to make. The selection of proceeding down the path is already on with George K. Baum & Company as its municipal bond underwriter or to at least listen to a presentation by L.J. Hart & Company. From this presentation, the District can learn more about the firm including the abundance of staffing resources available, the firm's experience with municipal bond underwriting, the firm's unique financing are under consideration, the competence and creativity & exhibits that are the foundation upon which the market presence has been expanded noticeably in recent years, and to share a dialogue with the professional that are going to be assigned to the specific financing under consideration.

L.J. Hart & Company has conducted many productive workshop meetings with Boards of Education throughout the state aimed at addressing similar issues facing the Camdenon R-III School District. Much success has occurred as a result of these candid

Structuring Financing to Meet the Needs of Local Governments for Over Twenty Five Years

Response to Request for Proposals

Camdenon R-III School District Of Camden County, Missouri



September 23, 2016



Structuring Financing to Meet the Needs of Local Governments
 for Over Twenty Five Years

Prepared For
 Dr. Timothy E. Hadfield
 Superintendent of Schools
 and the
 Board of Education
 Camdenon R-III School District
 Of Camden County, Missouri
 172 DARE Boulevard
 Camdenon, Missouri 65020

Prepared By

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Dr. Timothy E. Hadfield
 September 23, 2016
 Page 2 of 2

end professional presentations where the advantages and disadvantages are carefully presented and fully vetted by all board members and administrators. Since this meeting to L.J. Hart & Company, we have been able to discuss the advantages and disadvantages of each, the Selection Committee, and Administration is not incurring any additional expenses to have it take place.

Please understand that although L.J. Hart & Company has a normal probability to receive a contract from the Camdenon R-III School District, we do not expect to receive much respect and carries out the specific direction it receives from the issuer client. This means that by listening to their ideas with the advantages and disadvantages of each, the District is still free to pursue its chosen path of delaying the increase in the debt service fund levy as long as possible. L.J. Hart & Company is pleased to do so to make the public communication process smooth and transparent can also be useful additional information for the Camdenon R-III School District Board of Education.

L.J. Hart & Company is the municipal bond underwriter for nearly sixty percent (60.00%) of the School Districts in Missouri, and it is fully staffed to serve those and additional clients. We consider it an honor to be able to introduce the firm to the Camdenon R-III School District and very much appreciate the opportunity to submit a proposal. We welcome any questions that you have and are eager to provide any additional information that you seek.

Sincerely,

George K. Baum
 Larry J. Hart

LJH:bw

Enclosures



Structuring Financing to Meet the Needs of Local Governments for Over Twenty Five Years

L.J. Hart & Company "Staffed to Serve"



George K. Baum & Company
is pleased to share the
September 2016 General Revenue Update
from
James R. Moody

Contact

George K. Baum & Company
800-821-7195

Phone not approved for Disclosure & Exclusions

gkb
George K. Baum & Company
INDEPENDENT MEMBERS SINCE 1994

SEPTEMBER 2016 GENERAL REVENUE UPDATE

James R. Moody

THE CURIOUS OCTOBER 2016 WITHHOLD RELEASES

- Let's start with the curious releases of \$12 million in withholdings on October 5. We do not understand the thinking!
- On October 4, in a St. Louis Post Dispatch article, State Budget Director Dan Haug said, "We're doing okay." But Haug noted that the required revenues before releasing withholdings would be at +5.5% (We are higher than that number for no additional withholdings.).
- In the same article, incoming House Budget Chairman Scott Fitzpatrick opined, "In my opinion there probably will have to be more withhold." (We agree with Scott)
- Yet on the very next day, with year to date growth at +3.55% after the first quarter of FY 2017, Governor Nixon released \$12 million in withholdings, with \$9 million of the released funds going to K-12 education.
- Bizarre. Confusing!!**

WHY WOULD WE ANTICIPATE MORE WITHHOLDINGS?

- This slide is from last month's revenue report and is still relevant today.
- The revenue estimate for FY 2016 was +2.8%. Final net GR collections were +.9%, or a 1.9% shortfall.
- A 1.9% shortfall is equal to about \$168 million in revenue shortfall in FY 2016. Thus far the Governor has withheld about \$115 million, which does not cover the FY 2016 shortfall.
- The 1.9% shortfall means the base for the FY 2017 revenue estimate is short by about \$168 million. The revenue estimate for FY 2017 is +4.1%. Add the roughly 1.9% shortfall from FY 2016, and revenues will have to grow by over 6% to reach the revenue estimate.
- We think that is not going to happen.
- This estimate does not take into account any sizeable supplemental requirements that may be required primarily for the Medicaid program.

SEPTEMBER 2016 FINAL GENERAL REVENUE RECEIPTS

Category	YTD Gross % Increase	YTD Net % Increase (net of refunds)
Individual Income Tax	+4.6%	+5.1%
Sales Tax	+2.3%	+3.1%
Corporate Income	-21.8%	-26.0%
Insurance Premium Tax	+18.7%	+20.6%
Total Year To Date		+3.55%
Source: FY 2016 Consolidated Revenue Report		
		Net Increases are net of Refunds paid

James R. Moody & Associates

INDIVIDUAL INCOME TAX

- Individual income tax withholdings have been pretty strong. For the first three months of the fiscal year, withholdings have grown by +5.6%.
- With 70+% of the general fund budget coming from individual income tax, this growth is necessary to sustain budgetary growth.
- The huge drop in corporate income tax, however, is a weight on total general revenue growth.

CORPORATE TAX RECEIPTS FELL 35.6% IN FY 2016

- The drop in corporate income tax receipts in FY 2016 was shocking and it seems to be continuing.
- Corporate tax receipts dropped by 35.6% in FY 2016, or about \$155 million in FY 2016.
- Total FY 2017 net corporate receipts through September were *negative 26%*. The trends in corporate taxes are horrendous. Witness this fact in the following chart.

CORPORATE INCOME TAX RECEIPTS LAST 15 MONTHS

Fiscal Year	Collections	Refunds	Net Corporate Receipts/% decline
FY 2015	\$558.6 million	\$122.6 million	\$436 million
FY 2016	\$468.2 million	\$187.4 million	\$280.8 million (a 35.6% decline)
FY 2017 (3 months compared to first three months FY 2016)	\$98.8 million	\$19.5 million	\$79.3 million (a 26.0% decline)

POSSIBLE ADDITIONAL WITHHOLDINGS

- We believe that GR growth above 6% in FY 2017 is very unlikely, particularly as corporate receipts continue to decline. Therefore additional withholdings are on the way, it is simply a matter of when. See possible withholding scenarios in the next slide.
- The level of withholdings will depend on how revenues come in. We believe revenue growth will be very moderate at best, possibly +2% to +3%.
- None of this discussion takes into account the possibility of large supplemental funding needs for programs such as Medicaid.

POSSIBLE FY 2017 WITHHOLDINGS

GR Growth Scenario	Minimal Withholds Required
Over +6%	\$0 million
+4.5%	\$137 million
+3%	\$275 million
+2%	\$366 million

OTHER HEADWINDS ON THE HORIZON

- There are at least \$400 million in one-time funds in the FY 2017 budget that will have to be replaced in the FY 2018 budget.
- Don't be deceived by the \$12 million release of withholdings this week. Things are not good even with relatively good revenue growth.
- The knowledge of this future shortfall will add to the pressure for withholdings in FY 2017 after a new Governor is elected.

THE MOODY VIEW

- We continue to believe we are embarking on a path of fiscal belt tightening. It will begin somewhere after the November 2016 election, and will continue into FY 2018.
- At this point the decision on additional withholdings may be passed on to the next Governor.
- In a worst case scenario for the FY 2018 budget, revenues come in slightly above \$150 million growth, triggering large withholdings, but also triggering a tax cut under SB 509 in calendar 2018.
- SB 509 actually calls for five tax cuts triggered by any growth above \$150 million in a fiscal year, so the future for revenue growth is not good. That forecast carries into the next decade.

APPENDIX A

The information contained herein has been prepared by James R. Moody for George F. Baum & Company ("GFB"), a Broker-Dealer in the securities business, located at 10000 Wilshire Blvd., Suite 2000, Beverly Hills, California 90212, and is being provided to you by GFB. GFB is a member of the Financial Industry Regulatory Authority ("FINRA", www.finra.org) and the Securities Investor Protection Corporation ("SIPC", www.sipc.org).

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