

**SCHOOL CITY OF HOBART  
BOARD OF SCHOOL TRUSTEES  
WORK SESSION MEETING  
February 16, 2017**

The Board of School Trustees of the School City of Hobart met in a work session on February 16, 2017, 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  
Michael J. Rogers  
Dave Bigler  
Donald H. Rogers  
Stuart B. Schultz

Administrators Present:

Peggy Buffington  
Ted Zembala  
Christopher N. King  
Jonathan Mock  
Russell Mellon  
Felix Perry

Board Member Absent:

Karen J. Robbins

Administrator Absent:

William J. Longer

**AUDIENCE:** The following were present in the audience:

James Elizondo, Stifel Public Finance  
James Thompson, Gibraltar Design  
Michael Rosselli, Gibraltar Design  
Christopher LaFollette, Fidelis Construction Management

**CALL TO ORDER:** President Butler called the meeting to order around 5:48 p.m.

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

**DISCUSSION: Facility Needs:** Dr. Peggy Buffington, Superintendent, began the discussion concerning proposed facility needs for a new elementary school and swimming pool at the high school. She told the Board that enrollment was decreasing and noted that grade level class sizes are now 270-280 students instead of being around 300 students. She noted the school district was losing funds due to the decline, and she was afraid that the period 2 ADM would continue to show a decrease in students. She indicated that the Board might have to revisit its Board policy of being a closed school district. If the district decided that it could handle more students, there could be a lottery stating so many openings at specified grade levels. This might help with the loss of funds. It was noted that almost every school corporation that opened its district has reversed this option, and it was mentioned that sometimes there are “more problems than benefits.”

Chris LaFollette from Fidelis Construction Management indicated that he had gotten a chart of Historical Inflation Rates: 1914-2017 by month for each year that the Board received in their electronic meeting packet. The inflation rate average for 2015 was 0.1% and for 2016 was 1.3%. Chris LaFollette mentioned the average inflation rate for the past 16 years was 2.2%. He had spoken with the Election Board office about the cost of a referendum in a non-election year and was told it would cost \$30,000-\$40,000. If others participated in election, the cost would be divided among those participating. He noted that limiting the number of polling places had been mentioned but said the Election Board office did not recommend doing this because each voter has to be notified by US mail of the change in the polling places and that cost was around \$1.00 per registered voter. The upcoming elections for a referendum consideration were November of 2017, May of 2018, and November of 2018.

Jim Elizondo from Stifel Public Finance noted that he had prepared more financial data relating to proposed facility needs. At the last work session, the Board had questions about assessed value growth, interest rates, inflation, and the circuit breaker and exempt and non-exempt debt. He reviewed the following PowerPoint presentation, as follows:

- Assessed Valuation Change  
Showed four columns for the following: A.V. Change 2006-2017, A.V. Change 2010-2017, A.V. Change 2012-2017, and A.V. Change 2014-2017 with annual and average percentages by year. With the notation, “The 2007 increase was mainly due

to reassessment. The 2009 decrease was mainly due to change in homeowner deductions from property tax relief.”

- December 2017 Start – 1.50% A.V. Growth Assumption  
Option 1 - \$35,500,000 Bond Issue (\$34,373,918 Hard Construction)  
Showed the debt service tax rates from 2016 through 2039 and showed a (\$0.0680) tax rate decrease from 2016 and a \$0.0419 tax rate increase over 2017; and new and existing debt. With the notation, “Assumed market interest rates plus 1% and 18.5 year tailored repayment.”
- December 2017 Start – 1.50% A.V. Growth Assumption  
Option 1 - \$35,500,000 Bond Issue (\$34,373,918 Hard Construction)  
Showed the tax years from 2016 through 2039, Assessed Value, % Change for the same tax years; Existing Debt Service, New Bonds and Total for the same tax years; Existing Debt Service Rates, New Project Debt Service Rates, and Existing and New Total for the same tax years; and Increase/Decrease from 2016 and from 2017. In addition, the increased tax dollar amounts were shown for the following kinds of properties: \$100,000 home, \$250,000 home, and 50 acres tillable land.
- December 2017 Start – 1.50% A.V. Growth Assumption  
Option 2 - \$41,210,000 Bond Issue (\$40,000,000 Hard Construction)  
Showed the debt service tax rates from 2016 through 2039; showed a (\$0.0305) tax rate decrease from 2016 and a \$0.1474 tax rate increase over 2017; and new and existing debt, and with the notation, “Assumed market interest rates plus 1% and 19.5 tailored year repayment.”
- December 2017 Start – 1.50% A.V. Growth Assumption  
Option 2 - \$41,210,000 Bond Issue (\$40,000,000 Hard Construction)  
Showed the tax years 2016 through 2039, Assessed Value, % Change for the same tax years; Existing Debt Service, New Bonds and Total for the same tax years; Existing Debt Service Rates, New Project Debt Service Rates, and Existing and New Total for the same tax years; and Increase/Decrease from 2016 and from 2017. In addition, the increased tax dollar amounts were shown for the following kinds of properties: \$100,000 home, \$250,000 home, and 50 acres tillable land.
- December 2017 Start – 0.50% A.V. Growth Assumption  
Option 1 - \$35,500,000 Bond Issue (\$34,373,918 Hard Construction)  
Showed the debt service tax rates from 2016 through 2039; showed a (\$0.0248) tax rate decrease from 2016 and a \$0.1531 tax rate increase over 2017; and new and existing debt, and with the notation, “Assumed market interest rates plus 1% and 18.5 tailored repayment.”
- December 2017 Start – 0.50% A.V. Growth Assumption  
Option 2 - \$41,210,000 Bond Issue (\$40,000,000 Hard Construction)  
Showed the debt service tax rates from 2016 through 2039; showed a (\$0.0087) tax rate decrease from 2016 and \$0.1866 tax rate increase over 2017; and new and existing debt, and with the notation, “Assumed market interest rates plus 1% and 19.5 tailored repayment.”
- May 2018 Start – 1.50% A.V. Growth Assumption  
Option 1 - \$35,880,000 Bond Issue (\$34,753,125 Hard Construction)  
Showed the debt service tax rates from 2016 through 2039; showed a (\$0.1027) tax rate decrease from 2016 and a \$0.1389 tax rate increase over 2018; and new and existing debt, and with the notation, “Assumed 1.1% construction inflation, market interest rates plus 1% and 17.5 year tailored repayment.”
- May 2018 Start – 1.50% A.V. Growth Assumption  
Option 2 - \$41,655,000 Bond Issue (\$40,440,000 Hard Construction)  
Showed the debt service tax rates from 2016 through 2039; showed a (\$0.0686) tax rate decrease from 2016 and a \$0.1730 tax rate increase over 2018; and new and existing debt, and with the notation, “Assumed 1.1% construction inflation, market interest rates plus 1% and 18.5 year tailored repayment.”

- May 2018 Start – 0.50% A.V. Growth Assumption  
Option 1 - \$35,880,000 Bond Issue (\$34,753,125 Hard Construction)  
Showed the debt service tax rates from 2016 through 2039; showed a (\$0.0226) tax rate decrease from 2016 and a \$0.2091 tax rate increase over 2018; and new and existing debt, and with the notation, “Assumed 1.1% construction inflation, market interest rates plus 1% and 17.5 year tailored repayment.”
- May 2018 Start – 0.50% A.V. Growth Assumption  
Option 2 - \$41,655,000 Bond Issue (\$40,440,000 Hard Construction)  
Showed the debt service tax rates from 2016 through 2039; showed a (\$0.0113) tax rate decrease from 2016 and a \$0.2431 tax rate increase over 2018; and new and existing debt, and with the notation, “Assumed 1.1% construction inflation, market interest rates plus 1% and 18.5 year tailored repayment.”
- November 2018 Start – 1.50% A.V. Growth Assumption  
Option 1 - \$36,255,000 Bond Issue (\$35,131,250 Hard Construction)  
Showed the debt service tax rates from 2016 through 2039; showed a (\$0.0990) tax rate decrease from 2016 and a \$0.1426 tax rate increase over 2018; and new and existing debt, and with the notation, “Assumed 2.2% construction inflation, market interest rates plus 1% and 17.5 year tailored repayment.”
- November 2018 Start – 1.50% A.V. Growth Assumption  
Option 2 - \$42,095,000 Bond Issue (\$40,880,000 Hard Construction)  
Showed the debt service tax rates from 2016 through 2039; showed a (\$0.0650) tax rate decrease from 2016 and a \$0.1766 tax rate increase over 2018; and new and existing debt, and with the notation, “Assumed 2.2% construction inflation, market interest rates plus 1% and 18.5 year tailored repayment.”
- November 2018 Start – 0.50% A.V. Growth Assumption  
Option 1 - \$36,255,000 Bond Issue (\$35,131,250 Hard Construction)  
Showed the debt service tax rates from 2016 through 2039; showed a (\$0.0204) tax rate decrease from 2016 and a \$0.2113 tax rate increase over 2018; and new and existing debt, and with the notation, “Assumed 2.2% construction inflation, market interest rates plus 1% and 17.5 year tailored repayment.”
- November 2018 Start – 0.50% A.V. Growth Assumption  
Option 2 - \$42,095,000 Bond Issue (\$40,880,000 Hard Construction)  
Showed the debt service tax rates from 2016 through 2039; showed a (\$0.0139) tax rate decrease from 2016 and a \$0.2456 tax rate increase over 2018; and new and existing debt, and with the notation, “Assumed 2.2% construction inflation, market interest rates plus 1% and 18.5 year tailored repayment.”
- Circuit Breaker  
Exempt and Non-Exempt Debt – Total Impact  
Showed the debt service tax rates from 2016 through 2039, and exempt debt and non-exempt debt.
- Circuit Breaker  
Exempt and Non-Exempt Debt – Total Impact  
Showed the debt service tax rates from 2016 through 2039, and exempt debt and non-exempt debt. With the notation, “Assumed 1.1% construction inflation, market interest rates plus 1% and 18.5 year tailored repayment.”
- Circuit Breaker  
Exempt and Non-Exempt Debt – Total Impact  
Showed the debt service tax rates from 2016 through 2039; and new debt, exempt debt, and non-exempt debt. With the notation, “Assumed 1.1% construction inflation, market interest rates plus 1% and 18.5 year tailored repayment.”
- Circuit Breaker  
Exempt and Non-Exempt Debt – Tax Bill Impact  
Showed current and post-exempt debt roll for three different homeowners. With the notation, “Tax impact estimates net of standard and supplemental Homestead deductions, mortgage deductions and assumes 1% circuit breaker.”

- Circuit Breaker  
Exempt and Non-Exempt Debt – Estimated Tax Bill Impact  
Showed current tax impact due for the years 2016 through 2036 with the notation, “Theoretical estimate of future impact of exempt debt roll off on total tax bills due to increased circuit breaker. A parcel by parcel study is required to provide a more detailed forecast.”
- Circuit Breaker  
Exempt and Non-Exempt Debt – Estimated Tax Bill Impact  
Showed current and new tax impact for the years 2016 through 2036 with the notation, “Theoretical estimate of future impact of exempt debt roll off on total tax bills due to increased circuit breaker. A parcel by parcel study is required to provide a more detailed forecast.”
- Circuit Breaker  
Exempt and Non-Exempt Debt – Tax Bill Impact  
Showed operating, new, and current tax impact for the years 2016 through 2036 with the notation, “Theoretical estimate of future impact of exempt debt roll off on total tax bills due to increased circuit breaker. A parcel by parcel study is required to provide a more detailed forecast.”

The PowerPoint presentation was included in the Board’s electronic meeting packet.

In the discussion, Dr. Peggy Buffington indicated that Hobart had not ever had a referendum. It was mentioned that the city was going to have a 3.5 million dollar bond issue for the park department. Breakfast meetings were suggested as a way to get people into the schools so the Board could talk about their plans and get feedback before deciding on a referendum and bond issue. The groundwork done when the high school was built was mentioned, and it was noted it seemed to work very well. Dr. Buffington was asked to put together a framework of needs/ideas to begin the process and for preparing support groups for the proposed projects. Dr. Buffington and the Board expressed their appreciation to the presenters for the information received at the meeting and thanked them for attending the meeting.

**ADJOURNMENT:** There being no other business designated for the work session, President Butler adjourned the meeting around 6:58 p.m.

BOARD OF SCHOOL TRUSTEES  
SCHOOL CITY OF HOBART

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Terry D. Butler, President

ATTEST:

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Michael J. Rogers, Secretary

Submitted for Approval: March 2, 2017