

THIS IS A DECISION PAPER

TO: HARDIN COUNTY BOARD OF EDUCATION

FROM: NANNETTE JOHNSTON, SUPERINTENDENT

DATE: JANUARY 21, 2010

SUBJECT: SFCC OFFER OF ASSISTANCE FOR DEBT SERVICE

ISSUE

The Board must formally accept the SFCC 2010 offer of assistance for Debt Service.

FACTS

The School Facilities Construction Commission (SFCC) has made an offer of assistance to the Hardin County Schools District in the amount of \$153,994. The offer is based on a review by the SFCC of the June 30th 2009 HCS Annual Finance Report and the HCS District Facility Plan for unmet facility needs. The SFCC makes an offer every 2 years to school districts across the state to assist with unmet facility needs. While the offer of assistance does not cover the total amount of unmet facility needs, it does offer some help to districts with construction or renovation of facilities costs.

This money can only be used for debt service on bonds sold for a Priority 1 construction project based on the district's facility plan. It is estimated that this annual offer would pay for approximately \$1,000,000 in debt service. The Board needs to accept this offer of assistance and provide a copy of general ledger transfers on Fund 320 in the amount of \$1,767 and Fund 310 in the amount of \$14,654.80 (adjusted from letter received). Please see the attached letter. The Board can designate a project in which Bonds could be sold at a later time.

We have asked for an extension to accept this offer because of the time frame in which the letter was received and the 30 days time limit in which the offer must officially be accepted. The deadline is January 15, 2009.

RECOMMENDATION

I RECOMMEND THE HARDIN COUNTY BOARD OF EDUCATION APPROVE TO ACCEPT THE 2010 OFFER OF ASSISTANCE BY THE SCHOOL FACILITIES CONSTRUCTION COMMISSION (SFCC) IN THE AMOUNT OF \$153,994 FOR ANNUAL DEBT SERVICE FOR BONDS SOLD ON A PRIORITY ONE CONSTRUCTION PROJECT.

RECOMMENDED MOTION

I MOVE THE HARDIN COUNTY BOARD OF EDUCATION APPROVE TO ACCEPT THE 2010 OFFER OF ASSISTANCE BY THE SCHOOL FACILITIES CONSTRUCTION COMMISSION (SFCC) IN THE AMOUNT OF \$153,994 FOR ANNUAL DEBT SERVICE FOR BONDS SOLD ON A PRIORITY ONE CONSTRUCTION PROJECT.



School Facilities Construction Commission

Finance and Administration Cabinet

229 W. Main Street, Suite 102

Frankfort, Kentucky 40601

(502) 564-5582

(502) 564-3412 Fax

December 15, 2009

STEVE BESHEAR

Governor

JONATHAN MILLER

Secretary

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BERNARD J. SANDFOSS

Chairman

ROBERT E. TARVIN

Executive Director

Mrs. Nannette Johnston, Superintendent
Hardin County Schools
65 W A Jenkins Rd
Elizabethtown, Kentucky 42701-8452

Dear Mrs. Johnston:

Pursuant to KRS 157.622, the School Facilities Construction Commission (SFCC) is hereby making an official Offer of Assistance to the Hardin County Schools Board of Education. Acceptance of this Offer of Assistance commits the school district to adhere to the Statutes and Regulations governing this program. This Offer of Assistance is in the amount of **\$153,994 annual debt service** on bonds to be sold for proposed construction or major renovation of facilities outlined in your most current approved facility plan. These funds or any of those escrowed for the purpose of receiving this offer must be used only on a Priority One Project of your district's facility plan. House Bill 406 of the 2008 session of the General Assembly states:

"Additional Offers of Assistance: Notwithstanding KRS 157.611 to 157.640, 157.650, 157.655, 157.660, or 157.665, the School Facilities Construction Commission is authorized to make an additional \$150,000,000 in offers of assistance during the 2008-2010 biennium in anticipation of debt service availability during the 2010-2012 biennium. No bonded indebtedness based on the above amount is to be incurred during the 2008-2010 biennium."

This means that while the Commission is making this offer now, no bonds may be sold prior to June 30, 2010, which assumes that funding is included in the 2010-2012 biennium. Regulations governing our agency can be found at <http://www.lrc.state.ky.us/kar/TITLE750.HTM> on the Internet.

In order for your district to be eligible to accept this offer, it will be necessary for you to verify, based on June 30, 2009 cash balances that your district has transferred to the SFCC escrow accounts the following amounts: **Cash Building Fund = 1,767** and **Cash Capital Outlay Fund = 29,310**, plus interest accumulated on these funds.

In responding to this Offer of Assistance, you must provide this office with (1.) an excerpt of your Board Minutes either accepting or rejecting the offer within **thirty (30) days** of receipt of this offer, and (2.) a copy of a General Ledger entry showing the transfer of your fund balances into the Building Fund and Capital Outlay Escrow Accounts, as stated in the preceding paragraph. We look forward to working with you and trust this assistance will be an integral part of a quality educational program in your school district.

Sincerely,

R.E. Tarvin

Robert E. Tarvin

Executive Director



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