



The Newport Board of Education held a special meeting on January 15, 2025, at 6:30 PM. The purpose of the meeting was to discuss potential building projects, review the audit report, and approve new business items.

CALL TO ORDER

Chairman Ramona Malone asked for a roll call. The following were present: Ramona Malone, Sylvia Covington, Tim Curl, Ed Davis, and Bobbie Stubbeman.

Ms. Malone asked everyone to stand and recite the Pledge of Allegiance and to pause for a Moment of Reflection.

NEXIGEN COMMUNICATIONS IRB REQUEST

John Hayden, Newport City Manager, and Jim Parsons, a partner at Keating Muething & Klekamp, a law firm specializing in commercial finance and other areas, attended the meeting to discuss a potential Industrial Revenue Bond (IRB) request with the board. Nexigen Communications is planning to acquire the former US Bank building on Monmouth Street and the former Muehlenkamp-Erschell Funeral Home on York Street for a business expansion. This expansion is expected to create approximately 75 new full-time jobs, each with an average salary of \$80,000.

In addition to local and state incentives, Nexigen is requesting that the city issue IRBs to help finance the planned expansion, which is estimated to cost \$4,350,000. The company proposes to make an annual PILOT (Payment in Lieu of Taxes) payment to the city at a rate of \$0.80 per \$100 of property valuation, as determined by the Property Valuation Administrator (PVA), for the term of the bonds. These payments will be divided among the city, county, and school district. Based on the 2024 applicable tax rates, the PILOT payment would result in a 70% payment to each of these entities.

The bank building will house new technology research around AI and the old funeral home will be renovated to apartments for employees. The funeral home building is considered a historical building and it is the intention of Nexigen to maintain its integrity.

Mr. Curl inquired about the typical percentage paid through PILOT payments. Mr. Parsons responded that in urban areas, the percentage tends to be higher compared to rural areas. He noted that common county districts typically receive around 40%.

Ms. Stubbeman asked whether this is a one-time payment. Mr. Parsons clarified that it is an annual payment throughout the term of the bond.

Ms. Malone thanked both John and Jim for a thorough presentation and said the board would take action on their request at the regular meeting scheduled next week.

PAUL MADDOX, MADDOX & ASSOCIATES, 2024 AUDITOR'S REPORT

Mr. Maddox provided an overview of the audit process to the board, which involves a thorough financial audit of the data within MUNIS. His responsibilities include auditing the Annual Financial Report (AFR) by verifying bank deposits against deposit slips, confirming bonds, and comparing transactions to ensure that contracts, W-2s, and 941 forms are properly paid and reported. Additionally, he reviews the accounts payable process by matching paid bills with invoices and ensures that federal program funds are spent in accordance with allowable guidelines.

His report presented a clean opinion on the financial statements, internal control and compliance, and on federal programs. Management comments center on school activity funds.

Mr. Maddox's report covered revenues, expenses, cash balances, and liabilities over the past four years. He also addressed net pension and OPEB liabilities, explaining that while the state requires districts to include these figures on their books, they do not represent actual liabilities for the district.

Ms. Hoover reassured the board that she conducted training with school bookkeepers over the summer and is closely monitoring each school to ensure compliance with Red Book guidelines. She expressed confidence that the issues highlighted in the audit would not be a concern in the coming year.

Overall, Mr. Maddox advised the board to closely monitor the monthly budget, stay informed, and ask questions as needed. Ms. Malone informed the board that she has asked Mr. Maddox to assist with budget oversight in the coming months and provide regular reports. With Ms. Hoover's departure and the hiring of a new finance director, she believes this additional oversight will be valuable. The cost for Mr. Maddox's assistance will be \$850 per month, pending approval.

PHASE III STADIUM RENOVATION

Noah Onkst attended the meeting to discuss the first step the board needs to take for the next phase of the stadium renovation. Similar to the concession stand/restroom project, which required a waiver from the Kentucky Department of Education (KDE) due to floodplain concerns, the locker room phase (Phase III) will also require a waiver. Mr. Onkst presented an aerial view of the complex, showing that the entire area lies within the 100-year floodplain.

The plan for the locker room is to raise the finished floor level as much as possible. The current design calls for a two-story building, with unfinished storage space on the lower level and finished locker room space on the upper level. All mechanical systems will also be housed on the upper level to ensure the finished space is elevated above the 100-year floodplain. The lower storage level will be wet floodproofed, allowing water to enter and exit during a flood event.

Approval of the waiver does not bind the board to proceed with the project at this stage; however, without KDE's approval, the next phase cannot move forward. Mr. Onkst expressed confidence that the waiver will be approved, but acknowledged that changes in KDE administration in the future could potentially impact the approval process.

Ms. Hoover noted that the district currently has \$7.4 million in bonding capacity. However, \$1 million of that is allocated to the concession/restroom project, leaving \$6.4 million available for the locker room construction.

Ms. Malone asked whether the waiver would release KDE from any liability. Mr. Onkst responded that since stadiums are not considered essential, KDE will not provide financial support for rebuilding them. Mr. Davis inquired about the district's insurance coverage, and Ms. Hoover agreed to follow up with that information.

NEW BUSINESS

On MOTION BY DAVIS AND SECONDED BY CURL consent agenda items 1-2 were approved as presented.

1. BG-5s
 - BG5-12048 - Partial reroof NHS/ACES, NPS/NMS security upgrades, NMS controls, NHS doors, floors, ceilings, & lighting
 - BG5-14-164 - Phase 2 NHS/NMS Renovations
 - BG5-16-224 - Welcome Center Phase 2 Masonry Repairs
 - BG5-16-236- NHS Modular Classroom
 - BG5-17-096 - NHS HVAC Controls
 - BG5-17-251 - NIS and NPS Flooring
 - BG5-18-150 - District Wide Security Cameras

- BG5-18-169 - NPS Restroom Renovations
- BG5-18-170 - NPS and NIS Security Doors
- BG5-18-263 - Welcome Center Phase 3 Masonry Repairs
- BG5-18-303 - NHS Stadium Landslide Remediation
- BG5-18-167 - NPS, NIS, NHS Flooring

2. Phase III Stadium Renovation Waiver Request

1627 – MOTION CARRIED 5-0

ADJOURNMENT

There being no further business, on MOTION BY STUBBEMAN AND SECONDED BY DAVIS the meeting adjourned. Time: 7:45 PM

1628 - MOTION CARRIED 5-0

Chairman

Secretary