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Finance Committee/Citizen Board Oversight Committee		
5.11.2020	4:00 PM	Conference Call
Committee Chair	Heath Kahrs	
Attendees	Bob Hill, Ed Capodanno, Ken Gatson, Anthony Manerchia, Anthony Pullella, Vickey Alexitch, Don Fulton, and Heath Kahrs	

## I. Financial Reports

- a. Discussed April financial reports.
- b. Currently at 83.33% of our budget year. We received 97.4% of our anticipated revenue versus 98.2% in the prior year.
- c. Expenditures are at 84.3% for the ten months ended versus 85.0% for the same period in the prior year.
- d. Personnel Costs (the largest budget item) is slightly in excess of budget due to the fact that both three-period pay months cycled through the fiscal year already. Committee anticipates personnel costs to be in line with budget by year-end. Computer supplies at \$50,100 appears to be way over budget; however, there is a large deposit that was paid for Chromebooks. The total expenditure for the Chromebooks is expected to be in the \$125K range after the buyback, and a majority of the expense will be covered through federal grant funding.
- e. Coaches' salaries, relating to Spring sports, were briefly discussed with the Finance Committee and determined that the Commandant and CFO will handle as they see fit.
- f. There were no other concerns relating to variances and explanations contained in the April financial reports.

## II. Audit

- a. Based upon discussion at previous Finance Committee meeting and subsequent discussion with the Board Chair, the committee recommended that DMA renew the current audit contract for one year and forgo the RFP process. The decision was made based upon the current COVID situation and in context with all of the other things that DMA leadership had to deal with during the current time. Finance Committee discussed with the current auditor a modification to the current engagement letter language asking for a "Not-to-Exceed" fee; Barbacane, Thornton & Company agreed.

## III. USDA Debt Refinancing

- a. Dan Silva from Callowhill Capital Advisors joined the conference call to discuss DMA refinancing of the 2014 bonds.

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- b. The current USDA rate is 2.375% and the indication is that rates are more likely than not going to increase in the next quarter. Per Dan's recommendation, DMA is getting all documentation ready to execute the transaction in June. (DMA can always pull back the documentation before settlement if rates either go down or stay the same; will know that answer in early June.)
- c. If transaction is executed, DMA will receive approximately \$633K in cash. (This amount is lower than prior due to the fact that the required escrow amount is slightly higher as the rates on the escrow money went down.) However, the annual debt service requirement for DMA is anticipated to improve from the prior assessment; anticipating \$200K of annual debt service savings.