



To: Board of Education
From: Daniel A. Nerad, Superintendent
Date: October 11, 2010
Subject: Proposal to Revise Borrowing for 4-K Start Up

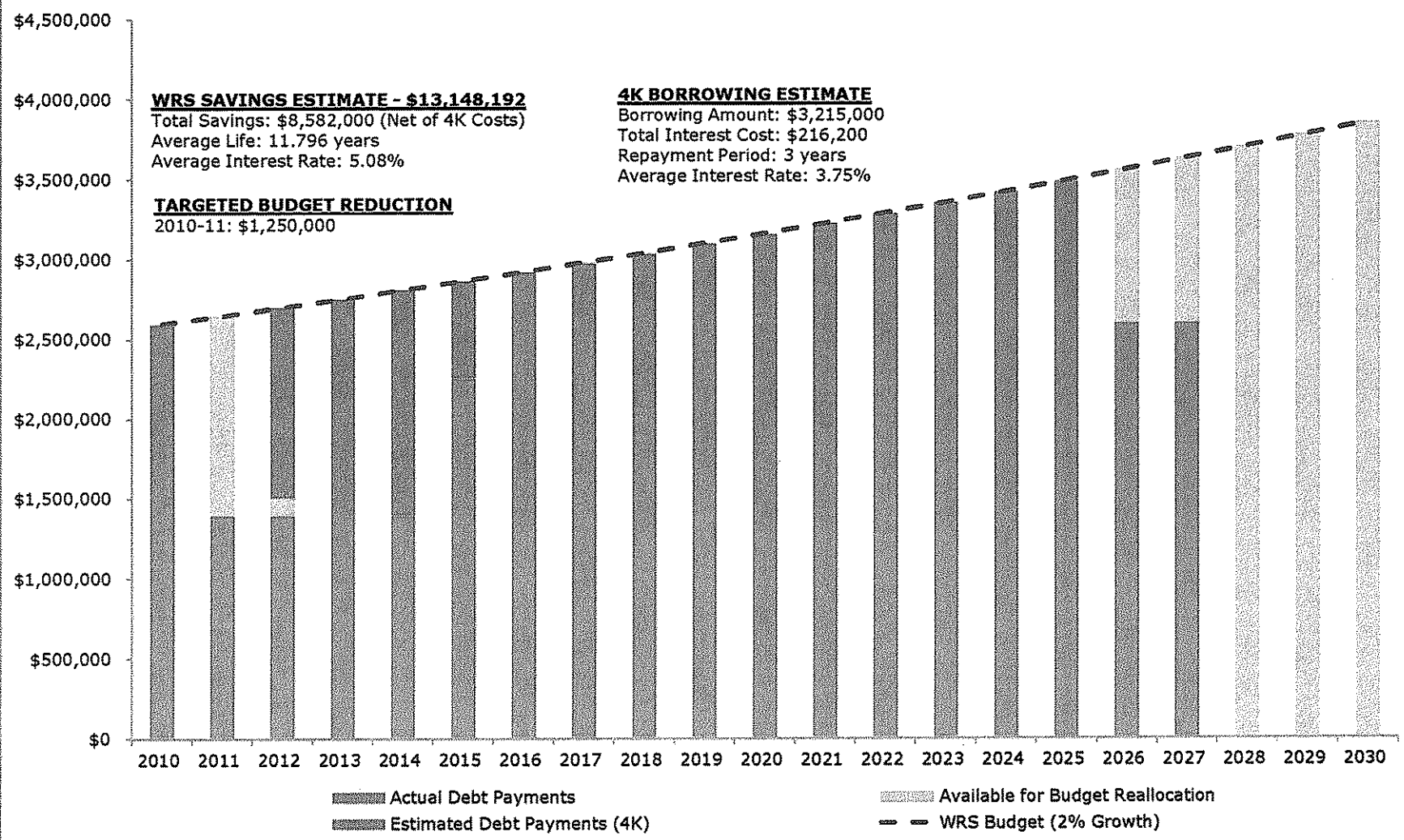
Appendix MMM-4-11
October 25, 2010

As part of the Education Job Funds recommendation, we are recommending using approximately \$4.2 million for funding the shortfall created by beginning this new program in 2011-12. This plan for funding 4-k will continue to have the assumption that property taxes will have to be used to support approximately \$3.7 million of the start up costs for this program in 2011-12 as well. The use of these Education Job Funds if approved, creates an opportunity to utilize funds originally targeted for 4-k start up in a different way.

During the process of re-financing the district's Wisconsin Retirement System (WRS) unfunded pension liability, the Board of Education approved a financing plan that prepared for the use of borrowed funds to support the 4-K start up (See next page). This structure effectively created budget capacity of approximately \$4.2 million over the next three years. These funds were targeted originally to pay for a borrowed amount equal to \$4.2 million to support the first year of 4-K, but the Federal Education Job Funds created an opportunity for MMSD to re-evaluate this decision.

Administration would propose the concept of utilizing these budget funds, originally meant to re-pay a 4-K borrow of approximately \$4.2 million, to support Maintenance and Technology needs over the next two years. Under this idea, MMSD would move forward with borrowing funds as planned, but rather than using these funds to support 4-K, shift the purpose to meet technology and maintenance needs. It would be our intent to split these funds equally between these two areas, and work with the Board over the next 6 to 9 months to prioritize needs within these two areas.

Final Repayment Structure - Accelerated WRS Repayment



Note: Issues Amortized over 10 Years Require Issuance of Taxable NAN