RECORDS AND PROCEEDINGS

A special meeting of the Board of Education of the Pulaski County Special School District was held at 925 East Dixon Road on the 28th day of April, 2009. The following business was transacted:

Opening
4/28/09

President Tim Clark called the meeting to order at 11:00 a.m.

Present: Mrs. Shana Chaplin, Mr. Tim Clark, Mr. Danny Gililland, Mrs. Mildred Tatum, Mr. Bill Vasquez, Ms. Gwen Williams, Mr. Charlie Wood, and Acting Superintendent Rob McGill

Absent: None

New Business
4/28/09

Revised Plan for Repayment for Proposed Second Lien Bonds

Mr. Vasquez moved, seconded by Mr. Gililland, to approve a letter for a revised plan of repayment for the proposed second lien bond issue. Comments were made by the Board regarding support for this letter but wanted it noted that this would not be limited to other cuts and streamlining in the District. Several members of the Board were concerned that stimulus money would be spent for the two new schools and there would be no stimulus money for their zones. Board members thanked Anita Farver, Acting CFO and Rob McGill, Acting Superintendent, for implementing the workshop. They thanked Mrs. Farver, Mr. McGill, and their staff for pulling so much information together for the workshop.

A roll call vote was requested.

Roll Call Vote

Yes: Chaplin, Gililland, Vasquez, Williams, Wood, Clark
No: Tatum

The motion carried. (See attached letter).

The Board continued with the Board Budget Workshop.

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Board President

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Board Secretary

PULASKI COUNTY SPECIAL SCHOOL DISTRICT
925 East Dixon Road/P.O. Box 8601 Little Rock, Arkansas 72216

April 28, 2009

Mr. Bill Goff
Assistant Commissioner
Fiscal and Administrative Services
Arkansas Department of Education
4 Capitol Mall, Room 103-B
Little Rock, Arkansas 72201-1071

Re: Pulaski County Special School District's revised plan of repayment for proposed second lien bonds

Dear Mr. Goff:

This letter will provide information regarding Pulaski County Special School District's revised plan of repayment for the proposed second lien bond issue in the amount of $81,365,000. It should be noted that the annual bond payment is estimated to be $5.5 million based on present interest rate levels.

After the April 13th State Board of Education meeting, the District conducted additional analysis to identify alternative sources of funds which could be applied towards debt repayment. As part of this analysis, we reviewed the District's assessment history and determined that property tax values have grown at an average rate of approximately 11% since 2004.

As well, the District's 2008 assessed value increased by $260,111,504 over the 2007 assessment. This increase alone should produce approximately $3,541,678 in additional debt service millage revenue beginning in the 2009/10 school year. (This amount is based on the District's existing 14.8 debt service mills and an average tax collection rate of 92%.)

Shown below is the District's property tax assessment history from 2004-2008 for your review.

Year	Amount
2004	$1,530,894,497
2005	1,718,143,891
2006	1,859,218,890
2007	2,060,170,537
2008	2,320,282,041

As part of our revised repayment plan, the District intends to apply a portion of the additional tax revenues generated from the 2008 assessment growth towards the new bond payments. We believe these additional tax revenues will provide a reliable source of debt repayment during the 2009/10 fiscal year and in future years, even in the unlikely event that assessments do not increase above the present level in years to come.

Assuming the District's assessments continue growing at an average rate of only 5% per year (rather than the historical average growth rate of 11% per year), then approximately $1,580,000 in additional tax revenues would be available for debt service in the 2010/11 fiscal year, and increased amounts thereafter. In order to provide conservative estimates of additional tax revenues available for debt service in this analysis, we assumed zero growth in property tax assessment after 2008.

As a result of our property tax assessment analysis, the District has amended its plan of repayment to include the projected increase in local tax revenues to be realized from the 2008 assessment growth. We believe these tax collections, along with the other itemized revenues and cost reductions identified below, will provide adequate funds to service the new debt payment.

Shown below is the District's revised plan of repayment for the bonds.

Estimated Annual Funds Available for Second Lien Bond Payments	
Estimated revenues from 2008 assessment growth	$3,541,678
Operating revenues reallocated to building fund	2,800,000
Reduction in administrative expenses	190,000
Total estimated funds available for future bond payments	**$6,531,678**

As can be seen, the amounts identified above exceed the estimated annual bond payment by over $1,000,000, assuming no growth in future property tax assessments.

Hopefully this revised plan of bond repayment illustrates that the District should have adequate resources to fulfill its proposed new debt obligation. I should also note that the School Board met this evening and approved the submittal of this information to the State Department of Education as the District's official plan of debt repayment.

Should you have questions or need additional information, please contact me at 490-6200.

Sincerely,

Robert McGill, Acting Superintendent

cc: Dr. Kenneth T. James, Commissioner