

**SCHOOL DISTRICT OF MANAWA FINANCE COMMITTEE MEETING  
AGENDA**

**Join with Google Meet**

meet.google.com/rvj-kiiq-ugs

**Join by phone**

(US) +1 315-813-7272 PIN: 564 231 505#

**Date: March 14, 2022**

**Time: 6:00 p.m.**

**Hybrid Meeting Format (In-person Meeting for Board of Education at MES Board Room,  
800 Beech Street & Virtual Components)**

**Board Committee Members: Pethke (C), J. Johnson, R. Johnson**

**In Attendance:**

**Timer:** \_\_\_\_\_ **Recorder:** \_\_\_\_\_

1. Monthly Financial Summary - January (Information)
2. Grant Summary (Information)
3. Annual OPEB Report for 2021 (Information)
4. Consider Endorsement of Keeping the Fund 39 Fund Balance Local and Not Open a Separate Escrow Account (Action)
5. Consider Approval of Hiring Incentive for LWHS/MMS 2nd Shift Custodial Position (Action)
6. Consider Approval of Wage Increase for LWHS/MMS Dean of Students Position (Information / Action)
7. Finance Committee Planning Guide (Information / Action)
8. Next Finance Committee Meeting Date: \_\_\_\_\_
9. Next Finance Committee Items:
  - 1.
  - 2.
10. Adjourn

January 31, 2022

## Monthly Financial Summary

	Revenues Month	Expenses Month	Revenues YTD	Expenses YTD	
Fund 10 - General	\$ 1,667,205.64	\$ 520,825.64	\$ 4,010,281.65	\$ 3,679,160.45	
Fund 27 - Special Education	\$ 32,664.93	\$ 68,041.38	\$ 97,928.27	\$ 467,913.30	
Fund 50 - Food Service	\$ 18,292.89	\$ 32,507.00	\$ 142,463.65	\$ 187,337.31	
Fund 80 - Community Fund	\$ 30.00	\$ 1,222.21	\$ 975.00	\$ 20,274.37	
Fund 39/49 - Referendum (2018)	\$ -	\$ -	\$ 183,503.24	\$ 664,167.98	Project Exp to Date \$ 12,171,501.40
Demo Referendum Project	\$ -	\$ -	\$ -	\$ -	\$ 343,722.08
Debt Payments (Fund 39)	\$ -	\$ -	\$ 23.30	\$ 178,067.00	\$ 21,277.92

Accounts	Balance	Interest Rate	
<b>General Checking</b>	\$ 2,828,818.33	0.066%	
<b>General Money Market</b>	\$ 5,173.40	0.011%	
<b>ADM Investment Savings</b>	\$ 150,373.44	0.070%	
<b>Fund 21 Account</b>	\$ 124,239.04	0.040%	
<b>OPEB</b>	\$ 307,290.75		\$ (3,813.64) Change in Value from July 2021
<b>Fund 46 - Savings</b>	\$ 250,269.85		\$250,000 invested in CD with ADM

Grants Fund 10	Allocation	Carryover	Total	Claimed to Date	Outstanding Revenue
ARP Homeless Children & Youth II	\$ 6,079.00	\$ -	\$ 6,079.00	\$ -	\$ 6,079.00
Carl Perkins (Tech. Ed)	\$ 6,468.00	\$ -	\$ 6,468.00	\$ -	\$ 6,468.00
ESSER II Fund	\$ 360,451.00	\$ -	\$ 360,451.00	\$ 276,077.66	\$ 84,373.34
ESSER III Fund	\$ 810,972.00	\$ -	\$ 810,972.00	\$ -	\$ 810,972.00
Title I - Public (Reading/Math)	\$ 98,831.74	\$ 12,455.91	\$ 111,287.65	\$ -	\$ 111,287.65
Title I - Private (Reading/Math)	\$ 21,721.26	\$ 33,384.07	\$ 54,959.63	\$ -	\$ 54,959.63
Title II - Public (Professional Dev.)	\$ 21,419.27	\$ 17,677.69	\$ 39,096.96	\$ -	\$ 39,096.96
Title II - Private (Professional Dev.)	\$ 3,145.73	\$ 3,336.35	\$ 6,482.08	\$ -	\$ 6,482.08
Title IV - Public (Student Support & Enrichment)	\$ 8,745.04	\$ 9,406.56	\$ 18,151.60	\$ -	\$ 18,151.60
Title IV - Private (Student Support & Enrichment)	\$ 1,254.96	\$ -	\$ 1,254.96	\$ -	\$ 1,254.96
<b>Fund 27</b>					
Flow Through (SPED) - Public	\$ 180,042.28	\$ 39,594.90	\$ 219,637.18	\$ -	\$ 219,637.18
Flow Through (SPED) - Private	\$ 29,673.72	\$ -	\$ 29,673.72	\$ -	\$ 29,673.72
Preschool (Early Childhood) - Public	\$ 11,011.00	\$ 3,216.17	\$ 14,227.17	\$ -	\$ 14,227.17
Preschool (Early Childhood) - Private	\$ 847.00	\$ -	\$ 847.00	\$ -	\$ 847.00

Revenues	Budgeted	Collected to Date	Outstanding	2020-21
Property Taxes	\$ 2,372,375.00	\$ 1,478,146.80	\$ 894,228.20	\$ 2,660,335.00
Mobile Home Tax	\$ 1,200.00	\$ 1,365.06	\$ (165.06)	\$ 3,135.25
Athletic Event Admission	\$ 9,000.00	\$ 7,936.00	\$ 1,064.00	\$ 4,845.50
Open Enrollment In	\$ 185,982.00	\$ -	\$ 185,982.00	\$ 126,073.00
Transportation Aid	\$ 20,000.00	\$ 12,045.00	\$ 7,955.00	\$ 23,718.00
Equalization Aid	\$ 4,785,653.00	\$ 1,914,261.00	\$ 2,871,392.00	\$ 4,451,438.00
Sparsity Aid	\$ 248,935.00	\$ 262,030.00	\$ (13,095.00)	\$ 272,553.00
Per Pupil Aid	\$ 492,688.00	\$ -	\$ 492,688.00	\$ 509,754.00
High-Cost Transportation Aid	\$ 30,000.00	\$ -	\$ 30,000.00	\$ 31,495.00

<b>Fund 10 Expenses</b>	<b>2020-21 FY Activity</b>	<b>2021-22 Budget</b>	<b>2021-22 FYTD Activity</b>	<b>Percent Expended to Date</b>	<b>Unexpended Balance</b>
Salaries	\$ 3,321,788.20	\$ 3,333,336.00	\$ 1,573,723.44	47.21%	\$ 1,759,612.56
Benefits	\$ 1,446,389.77	\$ 1,433,810.00	\$ 688,338.55	48.01%	\$ 745,471.45
Purchased Services	\$ 2,207,983.45	\$ 2,596,888.89	\$ 936,757.10	36.07%	\$ 1,660,131.79
Non-Capital Objects	\$ 410,798.90	\$ 223,771.63	\$ 264,322.79	118.12%	\$ (40,551.16)
Capital Objects	\$ 233,594.24	\$ 105,858.00	\$ 86,170.16	81.40%	\$ 19,687.84
Debt Retirement	\$ -	\$ -	\$ -		\$ -
Insurance & Judgments	\$ 132,447.10	\$ 112,750.00	\$ 107,596.75	95.43%	\$ 5,153.25
Transfers (i.e. to Fund 27)	\$ 559,363.85	\$ 637,271.00	\$ -	0.00%	\$ 637,271.00
Other (Dues & Fees)	\$ 27,389.93	\$ 261,844.48	\$ 22,251.66	8.50%	\$ 239,592.82
<b>TOTAL</b>	<b>\$ 8,339,755.44</b>	<b>\$ 8,705,530.00</b>	<b>\$ 3,679,160.45</b>	<b>42.26%</b>	<b>\$ 5,026,369.55</b>

<b>Fund 50 - Revenues</b>	<b>Monthly Total</b>	<b>2021-22 FYTD</b>	<b>2020-21 FYTD</b>
MES Sales	\$ 819.90	\$ 4,072.60	\$ 2,461.20
MMS Sales	\$ 3,394.25	\$ 12,636.25	\$ 5,623.95
LWHS Sales	\$ 3,192.20	\$ 18,023.35	\$ 8,565.15
Catering	\$ -	\$ 1,405.04	\$ 2,744.45
Aid	\$ 10,886.54	\$ 106,326.41	\$ 94,863.14
<b>Total</b>	<b>\$ 18,292.89</b>	<b>\$ 142,463.65</b>	<b>\$ 114,257.89</b>
<b>Fund 50- Expenses</b>			
Salaries	\$ 9,373.75	\$ 63,521.74	\$ 54,369.16
Benefits	\$ 3,434.71	\$ 24,018.46	\$ 22,746.91
Purchased Services	\$ -	\$ -	\$ -
Repair/Maintenance	\$ 281.63	\$ 10,707.78	\$ 589.00
Operational Services	\$ 416.60	\$ 935.41	\$ 557.94
Employee Travel	\$ -	\$ -	\$ -
Fuel - Vehicle	\$ -	\$ 54.00	\$ 35.83
Commodity Charges	\$ -	\$ 3,872.53	\$ 3,690.02
Central Supply	\$ 1,680.41	\$ 9,756.08	\$ 6,254.33
Food	\$ 17,319.90	\$ 74,454.76	\$ 42,722.39
Other Non-Capital Objects	\$ -	\$ 16.55	\$ -
Capital Equipment	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 32,507.00</b>	<b>\$ 187,337.31</b>	<b>\$ 130,965.58</b>
	End June 2021	Rev-Exp FYTD	
<b>Fund 50 Balance</b>	<b>\$ 118,273.00</b>	<b>\$ (44,873.66)</b>	

## 2021-22 Summary of Grants

Grants	Allocation	Carryover	Total	Claimed to Date	Unclaimed Revenue	Money Spent Not Claimed 2/28/22	Outstanding
<b>Fund 10</b>							
ARP Homeless Children & Youth II	\$ 6,079.00	\$ -	\$ 6,079.00	\$ -	\$ 6,079.00	\$ -	\$ 6,079.00
Carl Perkins (Tech. Ed)	\$ 6,468.00	\$ -	\$ 6,468.00	\$ -	\$ 6,468.00	\$ 1,888.42	\$ 4,579.58
ESSER II Fund	\$ 360,451.00	\$ -	\$ 360,451.00	\$ 276,077.66	\$ 84,373.34	\$ 15,628.86	\$ 68,744.48
ESSER III Fund	\$ 810,972.00	\$ -	\$ 810,972.00	\$ -	\$ 810,972.00	\$ -	\$ 810,972.00
Title I - Public (Reading/Math)	\$ 98,831.74	\$ 12,455.91	\$ 111,287.65	\$ 9,767.39	\$ 101,520.26	\$ 44,482.34	\$ 57,037.92
Title I - Private (Reading/Math)	\$ 21,721.26	\$ 33,384.07	\$ 54,959.63	\$ -	\$ 54,959.63	\$ 5,480.51	\$ 49,479.12
Title II - Public (Professional Dev.)	\$ 21,419.27	\$ 17,677.69	\$ 39,096.96	\$ -	\$ 39,096.96	\$ 14,985.39	\$ 24,111.57
Title II - Private (Professional Dev.)	\$ 3,145.73	\$ 3,336.35	\$ 6,482.08	\$ -	\$ 6,482.08	\$ 2,680.40	\$ 3,801.68
Title IV - Public (Student Support & Enrichment)	\$ 8,745.04	\$ 9,406.56	\$ 18,151.60	\$ -	\$ 18,151.60	\$ 600.00	\$ 17,551.60
Title IV - Private (Student Support & Enrichment)	\$ 1,254.96	\$ -	\$ 1,254.96	\$ -	\$ 1,254.96	\$ -	\$ 1,254.96
<b>Fund 27</b>							
Flow Through (SPED) - Public	\$ 180,042.28	\$ 39,594.90	\$ 219,637.18	\$ -	\$ 219,637.18	\$ 99,303.76	\$ 120,333.42
Flow Through (SPED) - Private	\$ 29,673.72	\$ -	\$ 29,673.72	\$ -	\$ 29,673.72	\$ 6,029.20	\$ 23,644.52
Preschool (Early Childhood) - Public	\$ 11,011.00	\$ 3,216.17	\$ 14,227.17	\$ -	\$ 14,227.17	\$ 9,297.14	\$ 4,930.03
Preschool (Early Childhood) - Private	\$ 847.00	\$ -	\$ 847.00	\$ -	\$ 847.00	\$ -	\$ 847.00
						\$ 200,376.02	



## Wisconsin OPEB Trust Annual Review and Report for School District Participants

<b>School District:</b>	<i>School District of Manawa</i>
Trustee:	BMO Harris Bank, N.A.
Custodian:	BMO Harris Bank, N.A.
Investment Manager:	PMA Asset Management, LLC
Report Period:	OPEB Benefits as of December 31, 2021
Date of Board of Education Meeting Notice	March 21, 2022

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I.	<u>OPEB Benefit held in a Fund 73 Trust</u>	<u>Amount in trust</u>
A.	Post-employment health care benefit	\$
B.	Other post-employment benefit	\$ 322,277.46
	<b>Total OPEB funds held in Trust</b>	<b>\$ 322,277.46</b>
II.	<u>Investment Performance</u>	
A.	Fiduciary Net Position – [current year just ended]	\$ 322,277.46
	Fiduciary Net Position – [prior year]	\$ 287,349.04
	<b>Change in Fiduciary Net Position</b>	<b>\$ 34,928.42</b>
B.	Interest and earnings – [current year just ended]	\$ 34,928.42
	Interest and earnings – [prior year]	\$ 26,961.67
	<b>Change in Interest and Earnings</b>	<b>\$ 7,966.75</b>

III. Total Disbursements from Trust

A.	Current year just ended - [year]	\$ 7,500.00
	As a percentage of current year total Trust Assets	2.3%
B.	Prior year – [year]	\$ 6,000.00
	As a percentage of prior year total Trust Assets	2.1%

IV. Performance Alignment with School District Investment Policy Statement

		<u>Asset %</u>
A.	Investment Policy Statement (copy attached)	<b>Ultra Conservative Income</b> _____
		<b>Conservative Growth</b> _____
		<b>Moderate Growth</b> _____X_____
		<b>Balanced Growth</b> _____
B.	Performance Alignment with Investment Policy Statement ( <i>check one</i> )	<b>Aligned</b> _____X_____
		<b>Not aligned</b> _____

V. Investment Manager Annual Renewal

Investment Manager	<u>is</u>	renewed.	_____X_____
Investment Manager	<u>is not</u>	renewed.	_____
			( <i>check one</i> )

VI. Narrative

Wisconsin municipalities, including school districts, are authorized by law to invest and reinvest funds held in trust to pay post-employment benefit (OPEB) liability. When a school district delegates its investment authority to an external investment manager, the Board of Education must review the performance of the OPEB funds held in trust on an annual basis. See Wis. Stat. §66.0603(2)(b) and (3)(c)(2).

Items for review include –

- A. Total school district assets held in trust.
- B. Investment performance for the year.
- C. Total disbursements from the trust during the year.
- D. Whether the investment returns are aligned with the school district's Investment Policy Statement.
- E. Whether the school district will renew or non-renew the Investment Manager for the upcoming reporting year.

**Prudent Investor Rule.** As fiduciaries, the school district, the trustee/custodian and the investment manager must follow the Wisconsin Uniform Prudent Investor Act guidelines when prefunding and investing assets in an OPEB trust. Wis. Stat. §66.0603(1m)(b)(3). Any fiduciary who invests and manages OPEB assets in trust must comply with the Prudent Investor Rule. Wis. Stat. §881.01(2).

**Standard of Care.** As a fiduciary, the school district shall invest the OPEB assets as a prudent investor would, by considering the purpose, terms, distribution requirements and other circumstances of the trust. The school district shall exercise reasonable care, skill and caution in carrying out this obligation. The school district shall consider the investment portfolio as a whole and as part of an overall investment strategy having risk and return objectives that are reasonably suited to the OPEB trust.

VII. Investment Costs

1. *Fees paid from the Trust*

A. Trustee and Custodian – BMO Harris Bank, N.A.

Assets in Millions	Basis Points	Basis Points in Decimal Points
First \$50	10.0	0.00100
Next \$50	6.0	0.00060
Over \$100	4.0	0.00040

<b>3Q 2019</b>	\$24,947	<b>1Q 2020</b>	\$27,657	<b>1Q 2021</b>	\$30,598
<b>4Q 2019</b>	\$24,848	<b>2Q 2020</b>	\$29,001	<b>2Q 2021</b>	\$31,447
		<b>3Q 2020</b>	\$30,136	<b>3Q 2021</b>	\$31,495
		<b>4Q 2020</b>	\$30,384		

B. Investment Manager

**Breakpoint**

**Fee Charged**

\$15,000,000 or less	0.50% or 50 basis points (bps) annualized
\$15,000,001 - \$25,000,000	0.25% or 25 basis points (bps) annualized
\$25,000,001 - \$50,000,000	0.20% or 20 basis points (bps) annualized
\$50,000,000 or greater	0.15% or 15 basis points (bps) annualized

<b>3Q 2019</b>	\$39,486	<b>1Q 2020</b>	\$56,215	<b>1Q 2021</b>	\$65,800
(prorated from August 1, 2019)		<b>2Q 2020</b>	\$60,642	<b>2Q 2021</b>	\$68,486
<b>4Q 2019</b>	\$60,368	<b>3Q 2020</b>	\$62,652	<b>3Q 2021</b>	\$68,210
		<b>4Q 2020</b>	\$65,168		

C. CESA 6

Facilitation Fee	8.0 bps	0.08%
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Fee is capped at \$10 million in total account assets per participating member. No fee is requested on combined assets above \$10 million for any participating member.

<b>3Q 2019</b>	\$22,230	<b>1Q 2020</b>	\$18,140	<b>1Q 2021</b>	\$21,680
<b>4Q 2019</b>	\$19,396	<b>2Q 2020</b>	\$19,617	<b>2Q 2021</b>	\$22,585
		<b>3Q 2020</b>	\$20,747	<b>3Q 2021</b>	\$22,901
		<b>4Q 2020</b>	\$21,400		





2. *Benchmark fees (through 12/31/2020)*

	Iowa Public Employees Retirement System	Teachers' Retirement System of the State of Illinois	City of Milwaukee Employee Retirement System	Wisconsin Employee Trust Funds ETF	CESA 6 Wisconsin OPEB Trust
<b>Assets</b>					
<b>2021</b>					\$137,659,156
2020	\$34,047,692,112	\$52,316,477,771	\$5,649,734,000	\$124,966,394,000	\$116,251,272
2019	\$34,010,680,731	\$51,968,546,694			\$111,000,000
<b>Investment and Custodial</b>					
<b>2021</b>					30bps/0.0030
2020	21bps/0.0021	77bps/0.0077	109bps/0.0109	59bps/0.0059	30bps/0.0030
2019	21bps/0.0021	74bps/0.0074			30bps/0.0030
<b>Administrative</b>					
<b>2021</b>					same
2020	5bps/0.0005	4.7bps/0.00047	15bps/0.0015	6bps/0.0006	8bps/0.0008
2019	5bps/0.0005	4.5bps/0.00045			w/\$10M cap 8bps/0.0008 w/\$10m cap
<b>Total expense</b>					
<b>2021</b>					38bps/0.0038
2020	26bps/0.0026	82bps/0.0082	124bps/0.0124	65bps/0.0065	38bps/0.0038
2019	26bps/0.0026	78.5bps/0.00785			38bps/0.0038

[https://publicplansdata.org/reports/IA\\_IA-IPERS\\_CAFR\\_2020\\_38.pdf](https://publicplansdata.org/reports/IA_IA-IPERS_CAFR_2020_38.pdf)  
[https://publicplansdata.org/reports/IL\\_IL-TRS\\_CAFR\\_2020\\_34.pdf](https://publicplansdata.org/reports/IL_IL-TRS_CAFR_2020_34.pdf)  
[https://publicplansdata.org/reports/WI\\_MILWAUKEECITY-ERS\\_CAFR\\_2020\\_151.pdf.pdf](https://publicplansdata.org/reports/WI_MILWAUKEECITY-ERS_CAFR_2020_151.pdf.pdf)  
<https://ef.wi.gov/files/acfr-2020/download?inline=>

Notes

- 1) State teacher retirement system data is obtained from the Center for Retirement Research State and Local Plans at Boston College <https://crr.bc.edu/special-projects/state-local-pension-plans/>. Service fee data specific to OPEB trusts is not readily available.
- 2) Expense ratios should decrease as trust or system assets increase.
- 3) Recordkeeping, facilitation and communication may be performed by external fund or investment managers in large systems.
- 4) Some systems use internal active management via inhouse brokers and analysts. These costs may not be reflected in the expense ratio described in the plan's financial reports.

Form prepared by:

CESA 6 Wisconsin OPEB Trust  
Attorney Julie Lewis

# Employee Benefit Trust Fund of Manawa

## Investment Policy

### Introduction

The overall objective of this policy is to provide guidance for the investment of contributions and other \_\_\_ (Employee Benefit Trust Fund) \_\_\_ assets to help maintain adequate funding for Trust liabilities. The policy sets forth the investment objectives and other general policy standards that will be applied within the investment program to enhance its effectiveness and to ensure that the Trust is managed in a manner consistent with the \_\_\_ (Employee Benefit Trust Fund) \_\_\_ document and applicable law.

### Objectives

The primary investment objectives of the Employee Benefit Trust Fund are as follows:

- **Return** – Obtain a reasonable long-term return over the expected liability time horizon consistent with the level of risk assumed over market cycles. Specific return objectives may include fund performance that exceeds the rate of inflation, the assumed actuarial discount rate, and/or similar to the return of a passively managed benchmark of similar style.
- **Cost** – Seek to control the costs of funding the Employee Benefit Trust Fund within prudent levels of risk through the investment of Trust assets.
- **Diversification** – Provide diversification of assets in an effort to reduce the risk of large losses stemming from concentrated positions.
- **Safety** – Preservation of principal by avoiding overly risky alternatives for the expected liability time horizon.
- **Liquidity** - Investment portfolio structured in such manner as to provide sufficient liquidity to pay obligations as they come due.

### Investment Management

The \_\_\_ (Business Manager) \_\_\_ shall be responsible for administering this policy and ensuring that the parameters as set forth in this policy and its implementing procedures are met.

## **Standard of Prudence**

The standard of prudence to be used by the investment officials shall be the “prudent investor” and shall be applied in the context of managing the portfolio. Investments shall be made with the care, skill, prudence and diligence that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of like character with like aims.

## **Investment Guidelines**

Permitted investment instruments include, but are not limited to:

- Interest bearing direct obligations of the United States of America
- Interest bearing obligations of agencies or instrumentalities of the United States of America
- Investment grade and high yield corporate bonds
- Interest bearing savings accounts or certificates of deposit, issued by federally chartered banks
- Municipal bonds issued by any state or any subdivision of any state
- Money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940
- Mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940
- Exchange Traded Funds (ETFs)
- Equity securities including common stocks

## **Asset Allocation Guidelines**

Asset allocation will be determined by the district staff with the guidance of the investment advisor taking into consideration the nature of the liabilities described in the actuarial study. The investment advisor will act as a fiduciary in guiding the asset allocation within the general risk tolerance of the district.

## **Performance Benchmark**

The Performance Benchmark should be aligned with the investment portfolio’s characteristics with respect to asset allocation.

## **Manager Responsibilities**

### A. Legal Compliance:

The investment manager is responsible to comply with Securities Exchange Commission (SEC) regulations, any other applicable oversight agencies. The investment manager is responsible for strict compliance with the investment

objectives of the Employee Benefit Trust Fund and understands its duties and responsibilities as a fiduciary.

B. Performance Review:

The investment manager will meet with the Business Manager at least annually to review the portfolio, results of the past period, comparative data to evaluate performance relative to the market and the outlook for the next period to meet the Employee Benefit Trust Fund's objectives.

**Custody and Safekeeping of Investments**

Third party safekeeping is required for all securities owned by the Employee Benefit Trust Fund.

**Ethics and Conflicts of Interest**

Any fiduciary with respect to the Employee Benefit Trust Fund shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair her or her ability to make impartial investment decisions.

*Reference:*

*WI Ch 881: A fiduciary shall invest and manage assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the fiduciary shall exercise reasonable care, skill and caution.*

*WI Ch 66.0603(3)(b): Additional delegation of investment authority. In addition to the authority granted under sub.(2), a school district may delegate the investment authority over the funds described under sub. (1m) (b) 3. to an investment manager who meets the requirements and qualifications specified in the trust's investment policy and who is registered as an investment adviser under 15 USC 80b-3.*

## **Employee Benefit Trust Fund of Manawa**

### **Selection of Investments**

#### **Introduction**

The overall objective of this statement is to provide guidance for the investment of contributions and other (Employee Benefit Trust Fund) assets to help maintain adequate funding for Trust liabilities. The investment selection sets forth the strategy that will be applied in accordance with Investment Policy and State Statutes.

#### **Standard of Prudence**

The standard of prudence to be used by the investment officials shall be the “prudent investor” and shall be applied in the context of managing the portfolio. Investments shall be made with the care, skill, prudence and diligence that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of like character with like aims.

The Investment Advisor may employ investments that have disciplines outside of the established asset allocation guidelines as appropriate to meet the Standard of Prudence.

#### **Rebalancing**

The Investment Advisor will evaluate Trust asset allocation against the preferred targets and acceptable ranges at least on a quarterly basis, or more frequently if market conditions dictate. If a particular asset class exceeds the maximum or minimum constraints of its acceptable range, the Investment Advisor will rebalance Trust assets to bring the asset class allocation back within the asset allocation guidelines established in the portfolio strategies. Trust assets will not be rebalanced when the Committee requests that the Investment Advisor hold cash equivalents for shorter-term needs causing certain asset classes to fall outside the acceptable ranges.

Asset Class	Ultra Conservative Income Strategy 1		Conservative Growth Strategy 2		Moderate Growth Strategy 3		Balanced Growth Strategy 4	
	Min-Max	Target	Min-Max	Target	Min-Max	Target	Min-Max	Target
Money Funds	0-100%	70%	0-30%	2%	0-25%	1%	0-20%	1%
Fixed Income								
Investment Grade	0-50%	30%	40-75%	49%	20-50%	32%	5-30%	23%
High Yield	0%	0%	0-20%	12%	0-25%	13%	0-25%	10%
Domestic Equity	0%	0%	10-40%	27%	30-60%	43%	40-70%	53%
International Equity	0%	0%	0-10%	5%	0-15%	5%	0-25%	5%
Inflation Sensitive	0%	0%	0-10%	5%	0-15%	6%	0-20%	8%
		100%		100%		100%		100%

### Investment Selection

Sub-Account:

99-IT56-AA-9

Investment Strategy:

3 (1-4)

Date approved:

09/22/2021

Signature:

Carmen O'Brien

Name:

Carmen O'Brien

Title:

Business Manager

District:

School District of Manawa

Updated 7/2021



M E M O R A N D U M

*To:* Todd Kelly, Chief Financial Officer  
Cooperative Educational Service Agency #6

*From:* Attorney Julie Lewis  
Lewis Law Office LLC

*Re:* Wisconsin OPEB Trust – Annual Report Template 2021

*Date:* December 10, 2021

The Wisconsin OPEB Trust experienced a year of solid expansion and returns in 2021. The Trust currently has 48 members with combined assets of \$137,659,156. CESA 6 is pleased this month to provide Wisconsin OPEB Trust members with the 2021 Annual Report template (long and short form - copy attached). The 2021 update includes current market information from Investment Advisor PMA Financial along with a report on fees.

The expense report compares the Wisconsin OPEB Trust expense ratio to four benchmark plans – Iowa Public Employees Retirement System (26 bps/.26%), the Teachers’ Retirement System of Illinois (82 bps/.82%), the City of Milwaukee Employee Retirement System (124 bps/1.24%) and Wisconsin Employee Trust Funds (ETF) (65 bps/.65%). The Wisconsin OPEB Trust total expense ratio (38 bps/.38%) did not change for 2022.

The Wisconsin OPEB Trust has used PMA Financial as its Investment Advisor since August 2019. As a two-year point of reference, the chart below notes former and current performance for assets held in the Trust.

Investment Advisor	Date	AssetClass	Return	Benchmark	% of Benchmark	Expense Ratio
Morgan Stanley	06/2017 - 06/2018	Model 2 – Moderate	4.37%	4.61%	95%	66 bps/.66%
PMA Financial	09/2020-09/2021	Moderate Growth	15.30%	16.22%	94%	21 bps/.21%

Thank you for the opportunity to serve the Wisconsin OPEB Trust. Please let me know if you have any questions.

Attachments



**School District of Manawa**  
*Students Choosing to Excel, Realizing Their Strengths*

**To:** Board of Education  
**From:** Carmen O'Brien  
**cc:** Dr. Melanie Oppor  
**Date:** 3/10/2022  
**Re:** Fund 39 Fund Balance – Referendum Debt

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**Recommendation**

I recommend keeping the fund balance for referendum approved debt (Fund 39) local and not open a separate escrow account.

**Rationale**

At the 2021-22 Annual Meeting, tax payers agreed to levy an additional \$300,000 for referendum debt. At that time, I explained that this money could be put into an escrow account for future payments. Upon consulting with R.W. Baird, if the money were to be placed into an escrow account for cash defeasance, the money would not be accessible until 2027 and would offer a savings of approximately \$188,200. See the illustration provided by R.W. Baird.

At this same annual meeting, I explained that this money could also be used in the future to lower the amount needed to levy for referendum debt thereby allowing the Board of Education to keep the tax rate steady if they choose. Unfortunately, the money cannot be put into an escrow account and remain accessible.

I believe that it is in the best interest of the District to keep the fund balance for Fund 39 accessible for now. It is possible to reevaluate this and perhaps set up an escrow for cash defeasance in the future.

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# School District of Manawa

## SUMMARY OF CASH DEFEASANCE

### Overview

- The District has approximately \$479,400 available in Fund 39 fund balance (in excess of calendar year debt payments)
- Balance can be used to prepay debt – Call date in 2027
- Funds would be deposited into an escrow for prepayment of debt
- The escrow agent will payoff the debt on the call date of March 1, 2027
- The District will save approximately \$188,200

### Hypothetical Timeline

Tentative Date and Activity		Admin	Board	Baird	Bond Counsel	Fiscal/Escrow Agent
On or around March 14, 2022	Agenda Language to District for Board Meeting	X			X	
Monday, March 14, 2022	Finance Committee Meeting – Review Cash Defeasance	X	X			
Monday, March 21, 2022	Board Meeting - Board adopts final Defeasance Resolution		X		X	
On or before March 29, 2022	Baird sends Defeasance Closing Memo to District	X		X		
Tuesday, April 5, 2022	Settlement - District wires funds to Escrow (Associated Trust)	X		X	X	X
Prior to September 1, 2022	District makes regular 9/1/2022 debt payment ( <b>as if no defeasance</b> ) to Associated Trust Company (Fiscal Agent)	X				X
2023 and thereafter	District begins making debt payments based on <b>new</b> debt schedule (provided by Baird at settlement)	X		X		X

# School District of Manawa

## ILLUSTRATION OF HYPOTHETICAL CASH DEFEASANCE



Calendar Year

BEFORE DEFEASANCE			
Amount:	\$7,490,000		
Type:	G.O. Refunding Bonds (CR)		
Date:	May 22, 2019		
<b>Callable:</b>	<b>'29-'39 Callable 3/1/27 @ Par</b>		
PRINCIPAL	RATE	INTEREST	TOTAL
(3/1)		(3/1 & 9/1)	
2022		\$247,384	\$247,384
2023		\$247,384	\$247,384
2024		\$247,384	\$247,384
2025		\$247,384	\$247,384
2026		\$247,384	\$247,384
2027		\$247,384	\$247,384
2028		\$247,384	\$247,384
2029	\$150,000	4.000%	\$244,384
2030	\$605,000	4.000%	\$229,284
2031	\$630,000	4.000%	\$204,584
2032	\$655,000	4.000%	\$178,884
2033	\$685,000	4.000%	\$152,084
2034	\$705,000	3.000%	\$127,809
2035	\$730,000	3.000%	\$106,284
2036	\$750,000	3.000%	\$84,084
2037	\$775,000	3.000%	\$61,209
2038	\$800,000	3.000%	\$37,584
2039	\$820,000	3.120%	\$12,792
<b>\$7,305,000</b>		<b>\$3,170,670</b>	<b>\$10,475,670</b>

AFTER DEFEASANCE			
Amount:	\$7,490,000		
Type:	G.O. Refunding Bonds (CR)		
Date:	May 22, 2019		
<b>Callable:</b>	<b>'29-'39 Callable 3/1/27 @ Par</b>		
PRINCIPAL	RATE	INTEREST	TOTAL
(3/1)		(3/1 & 9/1)	
2022		\$247,384	\$247,384
2023		\$233,656	\$233,656
2024		\$233,656	\$233,656
2025		\$233,656	\$233,656
2026		\$233,656	\$233,656
2027		\$233,656	\$233,656
2028		\$233,656	\$233,656
2029	\$150,000	4.000%	\$230,656
2030	\$605,000	4.000%	\$215,556
2031	\$630,000	4.000%	\$190,856
2032	\$655,000	4.000%	\$165,156
2033	\$685,000	4.000%	\$138,356
2034	\$705,000	3.000%	\$114,081
2035	\$730,000	3.000%	\$92,556
2036	\$750,000	3.000%	\$70,356
2037	\$775,000	3.000%	\$47,481
2038	\$800,000	3.000%	\$23,856
2039	\$380,000	3.120%	\$5,928
<b>\$6,865,000</b>		<b>\$2,944,158</b>	<b>\$9,809,158</b>

HYPOTHETICAL REDUCTION IN FUND 39 DEBT SERVICE

FUND 39 D/S PRIOR TO DEFEASANCE

HYPOTHETICAL FUND 39 D/S AFTER DEFEASANCE

\$0	\$809,234	\$809,234
\$13,728	\$810,209	\$796,481
\$13,728	\$810,734	\$797,006
\$13,728	\$810,809	\$797,081
\$13,728	\$810,434	\$796,706
\$13,728	\$809,609	\$795,881
\$13,728	\$811,084	\$797,356
\$13,728	\$808,484	\$794,756
\$13,728	\$834,284	\$820,556
\$13,728	\$834,584	\$820,856
\$13,728	\$833,884	\$820,156
\$13,728	\$837,084	\$823,356
\$13,728	\$832,809	\$819,081
\$13,728	\$836,284	\$822,556
\$13,728	\$834,084	\$820,356
\$13,728	\$836,209	\$822,481
\$13,728	\$837,584	\$823,856
\$446,864	\$832,792	\$385,928
<b>\$666,512</b>	<b>\$14,830,195</b>	<b>\$14,163,683</b>

	<b>Maturity to be Partially Defeased</b>
X.XXX%	<b>Term Bond</b>

Sources Of Funds	
Cash Requirement.....	\$478,300
<b>Total Sources.....</b>	<b>\$478,300</b>
Uses Of Funds	
Deposit to Net Cash Escrow Fund.....	\$462,800
General Consulting Fee.....	\$5,000
Bond Counsel Fee (est.).....	\$5,000
CPA Verification Fee (est.).....	\$2,500
Escrow Agent Fee (est.).....	\$3,000
<b>Total Uses.....</b>	<b>\$478,300</b>

Less: Amount Needed for Escrow	(\$462,800)
Less: Costs of Issuance (est.)	(\$15,500)
<b>EST. SAVINGS FROM DEFEASANCE</b>	<b>\$188,212</b>

Fund 39 Fund Balance (per District)	\$179,407
2021-22 Fund 39 Debt Levy	\$1,109,234
Less: 2022 Fund 39 Debt Service	(\$809,234)
<b>Amount Available to Defeas</b>	<b>\$479,407</b>



**School District of Manawa**  
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**To:** Board of Education  
**From:** Carmen O'Brien  
**cc:** Dr. Melanie Oppor  
**Date:** 3/10/2022  
**Re:** LWHS/MMS Custodial position – 2<sup>nd</sup> shift

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**Recommendation**

I recommend adding a one-time, non-precedent setting \$1,000 bonus to the second shift custodial position at the Little Wolf High School/Manawa Middle School to be paid \$500 upon hire and \$500 upon completion of one year of employment as a custodian in the School District of Manawa.

**Rationale**

The second shift custodial position at the LWHS/MMS has been open since September 2021. The position is full-time and has a strong benefit package including enrollment in the Wisconsin Retirement System. Starting wage is in-line with similar positions in the area and there is the opportunity for wage increases each school year. Weekend work consists of checking the buildings approximately once per month during the winter; this usually takes about 1 hour. There is also the opportunity to work first shift when students are not present (i.e. in the summer and on breaks).

Despite the advantages to this position, there have been very few applicants. The \$1,000 bonus is to entice candidates to apply and work for at least a year.

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