

**EAST STROUDSBURG AREA SCHOOL DISTRICT
BOARD OF EDUCATION
FINANCE COMMITTEE MEETING
June 8, 2015**

**Carl T. Secor Administration Building – Board Room
5:30 P.M.**

Minutes

- I. The Chairman, Robert Gress, called the Finance Committee meeting to order at 5:31 p.m. and led those present in the Pledge of Allegiance. Secretary, Patricia Rosado called the roll.
- II. Board Committee members present were: Robert Gress and Gary Summers. Ronald Bradley was absent.

School Personnel Present: Jeff Bader, Brian Borosh, Sharon Laverdure, Tom Lesniewski, Fred Mill, Patricia Rosado and Bob Sutjak .

Community Member Present: Judy Summers.

Other: Mike Dwyer – Middle Smithfield Township Supervisor

III. APPROVAL OF AGENDA AND MINUTES

Motion was made by Gary Summers to approve the agenda for June 8, 2015 and with members of the Committee reserving the right to add to the agenda and take further action in the best interest of the District. Motion was seconded by Robert Gress and carried unanimously, 2-0.

Motion was made by Gary Summers to approve the minutes of the May 11, 2015 meeting. Motion was seconded by Robert Gress and carried unanimously, 2-0.

IV. ITEMS FOR DISCUSSION:

a. Proposed Bond Refunding –

Ms. Jamie Doyle, Managing Director of Public Financial Management, distributed an ESASD Refunding Overview. Ms. Doyle said that long-term rates remain below historic averages. She explained the refunding opportunities for Series A 2007 Bonds and Series A of 2010 Bonds. Ms. Doyle also gave a municipal market update which help to determine the selling quality of general obligation backed bonds. The handout also included a Summary of the ESASD Outstanding indebtedness. A summary of the refinancing plan for the two steps was explained. The advance refunding portion of the 2007A bonds would bring an anticipated net savings of \$767,208. The current refund of 2010A bonds would bring an anticipated net savings of \$58,763.00 for a total of \$825,971. She also explained two refunding options of the Series A 2007 bonds which included a restricted yield escrow. If the settlement date is 8/1/15, there will be a net savings of \$767,207.74 to the school district. Included in the breakdown was also the refunding options for the Series A of 2010 bonds with options to prepay bonds which is required. These bonds would bring a savings of \$52,749.24. The final section of the handout included the maximum parameters for the Series of 2015 bonds.

Mr. Gress asked if any of these bonds would extend our debt schedule and will there be any problems with moving up the principal and interest payment dates. Mr. Bader said it does not extend the debt and he does not see any problems with moving up the date. There is a savings

component but it will also smooth out the debt. Mr. Gress said he does not know what plans the Property/Facility Committee has with the budget but it will probably be discussed in July. Mr. Summers said they will not meet until August. Ms. Doyle said that as dates get closer, she can provide concrete numbers. Mr. Gress asked what will be needed for Monday's Board meeting. Will Ms. Doyle be present on Monday's meeting? Mr. Summers asked if a motion will be needed in July. Ms. Doyle said she cannot come to Monday's meeting but can have someone attend, if they wish. The schedule will be as follows:

June 15th Board meeting – Board needs to authorize in order to proceed

July 20th Board Meeting – Board needs to adopt parameters resolutions for 2010A & 2007A Refundings

Late July – Competitive Sale for 2007A Refunding

August – Issue bank loan RFP for 2010A Refunding

Late August – Settlement for 2007A Refunding

September – Bank Loan RFP sale or competitive sale for 2010A Refunding

October – Settlement for 2010A Refunding

b. Computer purchases –

Mr. Brian Borosh distributed a chart which included the computer purchases from 2009/10 - 2014/15 and projected purchases through 2021-2022. The district is looking to purchase additional Chromebook carts. The district is looking to get a device for each student down the road. Not as many Mac computers were needed as in the past. 72 HP computers were needed for the Administration Center. Money is also budgeted for server refreshes which will be completed in the spring. Mr. Bader said they received lease quotes from five companies. Apple came in the lowest cost on Macs with 1.32% and First Niagara came in the lowest for HP computers and the Lenovo Chromebooks at 1.42%. Mr. Summers asked if we have 3,600 Chromebooks. Mr. Borosh said not all were for individual students some were for labs. Mr. Summers asked if they were Chromebooks. Mr. Borosh said he can get him the exact numbers. Mr. Summers asked where on the handout can he see the computers that were bought four years ago and will need to be replaced. Mr. Borosh said they are under the system infrastructure in column one. The Network infrastructure is paid with E-rate reimbursement. Mr. Summers asked then where is the amount that we were paying. Mr. Borosh said that with the HP leases the costs had a 4.8% different rate. He can get him the full details with the breakdown of the 28 computers and the leases for the 250 computers for the past four years. Mr. Summers asked if this chart includes the annual lease payments for the past four years. Mr. Borosh said it includes all leases combined from 2013-2015 which total about 1.9 million dollars. Mr. Summers asked if they are replacing about \$899,000 and \$431,000. Mr. Borosh said that is correct and they arrived at these figures by estimating peaks and valleys for each section. In 2017-18, they will have six elementary schools to replace. Mr. Summers asked if these numbers are a reasonable estimate. Mr. Borosh said that these are maximum numbers but they envision getting Chromebooks. Mr. Gress asked where is the money coming from? Mr. Bader said that it is in the budget. In order to maintain some budgetary consistency, we are looking to smooth out the number of units purchased each year as well as the estimated costs. That way we can avoid peaks and valleys in the budget process. Mr. Gress said that some students are not happy with the Chromebooks. A survey should be done again because some students say that they do not have what is needed. Mr. Borosh said some had HP with MAC cards. Some of the Google applications are not needed. Mr. Gress suggested checking on this because some people do not speak out or like to complain. Last year, you said we were getting Chromebooks for everyone but now you are saying in a couple of years. Mr. Borosh said we cannot get everyone on Chromebooks in one year, it will take some time and be phased in. In 2018-19, the high school labs will be replaced. Mr. Gress suggested getting the

servers refreshed. Mr. Borosh said they went to virtual usage to reduce use. Kilowatt hours were cut in half and the district saved money in electricity.

c. Verizon Cell Site

Mr. Brian Borosh said that Verizon will like to place an antenna on one of the light poles closest to the Administration Center side and pay us \$400 a month to do so. They are also looking at the Maple Avenue side. Mr. Summers asked if the shrubbery would be affected. Mr. Borosh said he will speak to them. Mr. Summers suggested placing this language in the lease agreement. Mr. Gress said that he understands that placing it here would offer easy access for them but this pole should be placed in the back. Mr. Borosh said that they wanted it closest to 209 as possible. Mr. Gress asked if this would cause issues with the parking. Mrs. Laverdure said the parking will remain. Mr. Gress said it's only \$400 a month. Mrs. Laverdure said with the possibility of having two at \$800 a month. Mr. Gress asked if any other companies are having an antenna installed on their property. Mr. Borosh said the Pocono Pub also has one. Mr. Gress suggested contacting other cell phone companies to see if they have a similar agreement. Mr. Gress said he cannot see having a pole obstruct the look of a two million dollar project. Mr. Borosh said no other companies have approached us. Mr. Bader said the district is also hoping that the additional antenna will improve the cell phone reception in the Administration Center. Mr. Gress said the Committee can move this forward for discussion at Monday's Board meeting.

d. GPS/Swipe Card System

Mr. Bob Sutjak said that last month he came before the Committee regarding the possibility of putting the Zonar System in the buses to assist with reporting the students that are reimbursed through ACCESS. He said that nine people were involved with the process of inputting the information. The timesheets for these individuals totaled between \$12,000 to \$13,000. The individuals have other responsibilities; therefore, could not work on this report during the normal scope of their work day. The system will reduce this overtime and provide an accurate and efficient report. Mr. Gress said since this system will reduce overtime; it should be reflected in the budget. He asked if this is the only vendor that provides this service. Mr. Bader said there are other vendors but they are more expensive. Mr. Gress asked if this item was bid. Mr. Bader said they received quotes. Mr. Sutjak said that the software is part of PEPPM and the hardware is part of Transfinder. Mr. Summers asked if this system will produce a positive ACCESS report. Mr. Bader said that it will. Mr. Summers asked how will we know next year what impact it had. Mr. Bader said he can report how much they got through ACCESS and will see if the amount goes up, depending if the methodology stays the same. Right now the State is at the end of a three-year contract with PCG. Mr. Summers asked if we are having a problem with the PCG vendor. Mrs. Laverdure said we are having major issues with them. Mr. Sutjak said that they had previous issues where they had to redo the report but with the new system they won't.

e. Law Enforcement Legal Liability

Mr. Bader said that in the past most general liability policies included coverage for School Police Officers for bodily injury and/or property damage because this coverage was not specifically excluded. They said that it is covered but it becomes a gray area. More recently policies are excluding liability coverage for School Police and there is no coverage if the District is sued for failure to render services. A separate Law Enforcement legal liability policy provides coverage for all of these issues at a cost of \$3,934 per year. This amount is included in the budget.

f. 2015-16 Projected Elementary Class Sizes

Mr. Bader said that he distributed to the Committee class sizes as of June 1, 2015. Even with the anticipated staff position reductions, there is no significant difference from the current year. There

are about 20.5 students per kindergarten class. Based on current numbers, the projection is about 16.4 in each class. At this point, it does not appear to be any signs of growth, although there is a significant amount of turnover of students. The District is holding off filling some positions until all of the enrollments are in and we can see where the needs may exist for additional staffing.

Mr. Gress said that at one time a class had 13 and another had 28. Mrs. Laverdure said that they rectified this issue. Mr. Gress said they should not have waited until October to hire additional teachers. Mrs. Laverdure explained that we need to wait to see where we might need additional staffing. Mrs. Laverdure said they can agree to philosophically disagree. Mr. Gress said that this is not good for students to, at this point, move to another teacher. Mrs. Laverdure said that the District has tried to avoid as much disruption as possible and the Teachers' Association, along with the teachers, has worked hard to make the changes.

g. 2015-16 Final Budget

Mr. Bader said that in his budget handout, the Committee will see two increases in the revenue section from the Keystone to Opportunity Grant a (KtO) and Title I Grant. In the earlier drafts, there was no funding for the KtO Grant while we awaited the outcome of PDE's application to the US DOE. PDE recently received funding and we are anticipating the amount to the district will be \$240,114. We will receive an increase in Title I Grant funds of \$91,704. These amounts will offset some of the expenses already in the budget. One significant change from the prior drafts is the inclusion of the present value of the new computer leases. There is no net change to the budget, just equal changes to the revenue and expenditure sides. There is an increase in revenue of about 1.5 million dollars. On the expense side, there is a decrease of about 1.3 million dollars due to the insurance quotes received which were lower than originally estimated. Other areas where adjustments were made on the revenue side were for:

Computer leases at a savings of \$283,477

Reductions in positions (3 student aides, 4 paraprofessionals, LTSs, resignations, retirements, etc.) for a total savings in salaries and benefits of \$608,911

Mrs. Laverdure said that the district just received two more individuals who will be retiring.

Mr. Bader said that the worker's compensation rate decreased by \$145,000. The return to work program has been a big help with the insurance company. The total budget's deficit was reduced by about 1.3 million dollars. The current deficit stands at about \$5 million dollars.

Mr. Summers asked if we are covering the money already allocated. Mr. Bader said we are and other portions in the balances, too. We still are not where we need to be but we are getting there. Mr. Summers asked if this is the final budget and millage rates that the Board will be asked to vote upon at Monday's meeting. Mr. Bader said that is correct.

h. 2015-16 Homestead/Farmstead Exclusions

Mr. Bader said that the Board will need to approve the amount of money that we get from the State which has not changed in the past several years. There are fewer properties on the list.

Mr. Gress said there are a lot of people who deduct taxes for their house and there's a 2,500 fine but the county does not check. They should look at Berkheimer records to see who is deducting the taxes.

Mr. Bader said that the issue is when some individuals have multiple homes but they are only allowed one. Mr. Gress asked if there is a resolution for the Board to approve. Mr. Bader said it will be on the agenda at Monday's meeting.

i. Replacing Irene Duggins as authorized check signer

Mr. Bader said the Irene Duggins is an authorized check signer in case there is no one else available to sign. Since she is retiring, the district needs to assign a new signer. They are requesting the Dr. Lesniewski take her place. If the Board agrees, it will need approval to be at Monday's meeting.

j. Solicitor Contract

Mr. Bader said that Mr. Dirvonas', Solicitor, contract was extended to this year. He submitted a retainer agreement requesting an increase from \$35,000 to \$42,000. The hourly rate for non-retainer work is increased from \$130.00 per hour to \$150.00 per hour. These rates have not been increased since the 2006-07 school year. Mr. Summers said he stumbled on a website that listed districts that have high legal fees but the ESASD was not on the list. We are small compared to other districts. Mr. Bader said that Mr. Dirvonas and Mr. Brown know School Law.

Mrs. Laverdure said that they also know Real Estate Law. Mr. Summers said that Mr. Brown is a good source of information especially in Executive Sessions.

k. ESU Tuition MOU

Mr. Bader said that the ESASD staff currently enrolls in courses and gets reimbursed. The time it takes to get the transcripts and reimburse employees may prevent them from enrolling in the next semester. ESU is proposing to directly billing the District for those students who qualify as a means of allowing employees to continue on their graduate path with little disruption. If the employee gets a grade of B or higher, the district will be billed directly by ESU; otherwise the employee will be billed. It will solve the "reimbursement conundrum". Mr. Summers asked if this agreement include a 10% discount as stated. Mr. Bader said that there is a 10% tuition reduction if MOU is approved. Mr. Gress asked if this will decrease workload in the office. Mr. Bader said that it will not decrease workload or paperwork just the amount of checks that have to be cut.

l. Keystone Realty Update

Mr. Bader said that he along with Mr. Brown met with Keystone Realty to look at reverse appeal. The common level ratio is not going up. They identified 35 properties that have the largest upside, plus substantial documents to go over. They can discuss further during Executive Session. Mr. Summers asked if these properties were commercial or residential. Mr. Bader said that the properties that have been identified to be above the threshold the Board set are all commercial properties. Mr. Bader spoke to Mr. Brown and they were impressed with the amount of work Keystone Realty did and time they spent. A lot of information will become available as they go forward. All items will be discussed further during Executive Session. Mr. Gress said this should be presented at the July Board meeting agenda.

m. Bus Contractor Extra Run Bid

Mr. Bader said that the Transportation Department often has to contract with North Pocono Bus Company because they do not have enough drivers to cover all special runs. Mrs. Laverdure said this happens most of the time because of the time of departure of the trips. Mr. Gress said that most of North Pocono Bus Company's buses are not in good condition. Mr. Bader said they would like to go out for an RFP as the Board Policy indicates because North Pocono Bus Company is going out of business. They will ask for "as need basis" and state hours and miles to

find the cost. The vendor would have to be available when called. Mr. Gress asked when will the advertisement go out. Mr. Bader said they will be advertised in June and go for the RFP approval in July. They will specify age of buses so they don't get old buses. Mr. Summers asked if some buses were going to be obtained by Pocono Transportation. Mr. Bader said they sold or are in the process of selling to them.

n. LERTA

Mr. Gress asked if we heard from Middle Smithfield Township since they had their meeting. Mr. Bader said that they passed their ordinance; therefore, we are waiting to hear more. Mr. Mike Dwyer, Middle Smithfield Township Supervisor, said they passed what was given to our solicitor, Chris Brown, on 5/26/15 who traded emails with Mike Gaul. Mr. Dwyer spoke to John Moyer, Commissioner who said they will place on their agenda. Mr. Summers asked what is Mr. Dwyer asking the Board to do. Mr. Gress said they are asking us to approve their ordinance. Mr. Gress asked if the ordinance contains what the Board previously saw. Mr. Summers asked if the township approved all pin numbers. Mr. Dwyer said that it was the same document as before. He stated at the last Board meeting the ESASD Board approved to move forward when the ordinance is provided by the township. Mr. Summers said that at the April Board meeting the Board approved as follows:

ACTION BY THE BOARD:

Motion was made by Robert Huffman to advise Middle Smithfield Township that the East Stroudsburg Area School District would adopt a resolution substantially in the form as presented at this meeting subsequent to the Township's designation of a deteriorated area of economically depressed communities in conformity with said resolution and per the requirements of the Local Economic Revitalization Tax Assistance Act. Motion was seconded by Robert Gress and carried unanimously, 6-0.

Mr. Dwyer said the Board in May approved to move forward with Middle Smithfield Township LERTA Ordinance. Mr. Gress said the Board approved to direct the Administration and Solicitor to work with Lehman Township and Pike County to develop proposed resolutions for consideration by each taxing authority for the creation of tax abatement zones pursuant to the Local Economic Revitalization Tax Assistance Act. The ESASD Board was waiting for Middle Smithfield Township to have their meeting. Now we have to discuss the Fernwood tax situation to see what they are proposing. Mr. Summers said he will be asking our solicitor to see if certain pin numbers can be approved. The LERTA Resolution is different than what the Township approved. Mr. Dwyer said he does not believe anything has changed since they met. Mr. Summers said nothing has changed but he will be further exploring and it will take time to get through entire commercial zone. Mr. Dwyer asked if this item will be placed on the agenda for Monday night. Mr. Gress said it will be and they will discuss with the solicitors that all on the list must be current on their taxes.

o. Library book funds

Mr. Gress said he placed this item on the agenda to discuss funding for library books. Mr. Bader said no funds were added for library books. Mr. Summers said that money was allocated at about \$145,000 into libraries for past two years. Mr. Bader said he and Mrs. Laverdure met with the co-chairs and they are working on weeding materials to align with the curriculum. They will be reviewing weaknesses and strengths of each school's collection including the use of electronic materials in addition to print. Mr. Summers said he has observed that some schools have a rack of encyclopedias when students can just get information on the computer. Mr. Bader said the Chromebooks expand library books and resources. Mr. Gress said many principals were told they

cannot increase their budgets. Mrs. Laverdure said this directive came from her staff because they were directed by the Board to get as close to as they were last year. Mr. Gress said if the principals need something they should put it in. Mrs. Laverdure said they were also directed to advise the Administration if they had needs that could not be met from within their budget allocation. Mr. Bader said they can communicate this to Principals again. Mrs. Laverdure said she and Mr. Bader had a great conversation with the library co-chairs and will forward their information to the Board to show them the great work that they are doing.

p. Healthcare Holiday

Mr. Gress plans to discuss this issue Monday night since we are being charged too much. Mr. Bader said the district is not planning on taking a holiday pay, because we adjusted the amount we are paying into the Trust to use some of the reserve the District has accumulated due to several years of favorable claims. Mr. Gress said that Urgent Care is sending patients to the emergency room when they cannot perform the service needed but charging them for the visit and then the employee gets charged for emergency care, too. This is double billing. Mr. Bader said if they are doing this, we need to look into it. Mr. Gress said the employee gets charged for both co-pays, too. Mr. Summers said we need to be careful because there may be some confusion with the billing when doctors bill and then you also get a bill from the hospital like St. Luke's. Mr. Bader said these are critical issues but a funding holiday affects how much we pay into the Trust not how employees are being charged.

Mr. Summers said that the district has budget concerns. We cannot continue to count on the 2.5 million dollars that has helped us in the past two years. Mrs. Laverdure said it will all depend on how all things will work out. Mr. Bader said that the district has saved on claims. We are not going to save 2.5 million dollars every year due to the higher rate increase. We can use the money that we already paid into the fund. We need to do it gradually and increase in small amounts for the future.

q. Equalization of Principals' Salaries

Mr. Gress said that we need to discuss the past five years and see the principals' salaries to make sure everyone is where they need to be. Mr. Summers said this cannot be discussed in public. Mr. Gress said we can look at it and check what needs to be amended. Mrs. Laverdure said that the new salaries will be reflected as of July 1 to be consistent with what has been done in the past.

r. Jersey Infrared Consultants HSN/LIS roof survey proposal

Mr. Bader said the Property/Facilities Committee forwarded this item to the Finance Committee so it can be placed on the agenda in May but the Finance Committee did not give the final approval. Now it is back for consideration. Mr. Summers said that the schools (H.S. North and Lehman Intermediate) are 15 years old and the preliminary assessment from D'Huy Engineering is that they suggested that a full replacement of the roof would cost around 8 million dollars. Mr. Gress said installation is a problem. Mr. Bader said in the gym area it is. Mr. Gress asked if the insurance will pay this cost. Mr. Bader said it will not. Mr. Gress suggested getting better insurance.

s. Property & Facilities Items

Mr. Bader said that the following items were approved by the Finance Committee to move forward for Board approval:

- i. Mr. Gress said that the Board originally allocated \$30,000 for the Resica Playground project but now they need the formal resolution to be approved from the Board. Mr. Gress

asked when will the playground be completed. Mr. Summers said the construction will begin in July. Mrs. Laverdure said it should be completed for the 2015/16 school year.

- ii. JTL HVAC/Lighting – Wind Gap Electric Pay App #8
- iii. JTL HVAC/Lighting – Myco Mechanical Pay App #12
- iv. Bushkill Snow Guard/Gutter – C&D Waterproofing #1
- v. JTL HVAC/Lighting – Myco Mechanical Change Order

V. PUBLIC PARTICIPATION – LIMITED TO ITEMS OF DISCUSSION

A. Mrs. Judy Summers expressed her displeasure with the Fernwood property situation. She believes that the whole situation should be followed up by the Media.

VI. ADVISORY RECOMMENDATIONS FOR CONSIDERATION BY THE BOARD OF EDUCATION

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Gary Summers to recommend that the Board consider for approval the following items: Motion was seconded by Robert Gress and carried unanimously, 2-0.

1. To direct the Administration and the Solicitor to work with Public Financial Management, Financial Advisor, and Rhoads & Sinon, Bond Counsel on the issuance of General Obligation Bonds or Notes to be issued via competitive bond sale or bank loan RFP process, the proceeds of which shall be used towards the current refunding of the District's General Obligation Bonds, Series A of 2010 and Series A of 2007.
2. To approve the District's participation in the Chester County School District's Joint Purchasing Board for the purchase of Apple computer hardware, software, supplies, and related items, Master Lease Purchase Agreement #7387311 with Apple, Inc. for desktop computers, laptops, and related equipment and the Master Lease Purchase Agreement with First Niagara Leasing, Inc. for desktop computers, Chromebooks, and related equipment.
3. To approve a Lease Agreement with Verizon Wireless for the purpose of constructing a cellular service antenna on District property located at 50 Vine St, East Stroudsburg, PA.
4. To approve the proposal from Zonar for a three (3) year agreement to provide a GPS/swipe card system for the District's Special Ed vans.
5. To approve the purchase of Law Enforcement Legal Liability insurance for the 2015-16 fiscal year through PSBA/Munich Re.
6. Adopt its General Fund Budget for the 2015-16 fiscal year in the amount of \$150,713,401.
7. To approve the formal resolution for the 2015-16 Homestead and Farmstead Exclusion.
8. To approve Thomas Lesniewski as an authorized signer on District bank accounts effective July 1, 2015.
9. To approve the contract with Thomas F. Dirvonas, Esquire to serve as District Solicitor for the period July 1, 2015 through June 30, 2017
10. To approve the Memorandum of Understanding with East Stroudsburg University for participation in their PreK-12 Educator Tuition Program for a period of two (2) years ending June 30, 2017.
11. To approve the advertising of a Request for Proposal (RFP) for extra bus runs that cannot be covered by the District's Transportation Department.
12. To adopt the Resolution to exempt from taxation improvements and new construction upon deteriorated properties in Middle Smithfield Township and Lehman Township per the terms of the Resolution, pursuant to the Local Economic Revitalization Tax Assistance Act.

13. To approve the proposal from Jersey Infrared Consultants to conduct an infrared flat roof moisture survey at the High School South and Lehman Intermediate schools.
14. To approve the following Property & Facilities Items:
 - i. Allocation of \$30,000 for Resica Playground project
 - ii. JTL HVAC/Lighting – Wind Gap Electric Pay App #8
 - iii. JTL HVAC/Lighting – Myco Mechanical Pay App #12
 - iv. Bushkill Snow Guard/Gutter – C&D Waterproofing #1
 - v. JTL HVAC/Lighting – Myco Mechanical Change Order

VII. **NEXT MEETING** – July 13, 2015 at 5:30 p.m. in the Administration Center Board room. Mr. Gress said that since he will be away, he will not be able to attend the July meeting.

VIII. **ADJOURNMENT - 7:00 p.m.**

Respectfully submitted,

Patricia L. Rosado,
Board Secretary