

**EAST STROUDSBURG AREA SCHOOL DISTRICT
BOARD OF EDUCATION
FINANCE COMMITTEE MEETING
August 8, 2016**

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

Minutes

- I. The Chairman, Gary Summers, called the Finance Committee meeting to order at 5:30 p.m. and led those present in the Pledge of Allegiance. Secretary, Patricia Rosado called the roll.
- II. Board Committee members present were: Ronald Bradley (arrived at 5:31 p.m.), Debbie Kulick, Gary Summers and Lisa VanWhy.

Non-Committee Board members present were: Judy Summers

School Personnel Present: Jeff Bader, William Cooke, Thomas Lesniewski, Ryan Moran, William Riker, Patricia Rosado, and Robert Sutjak

Community members present: Chris Bamber, Public Financial Management

III. APPROVAL OF AGENDA AND MINUTES

Motion was made by Lisa VanWhy to approve the agenda for August 8, 2016, 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 Debbie Kulick and carried unanimously, 3-0.

Motion was made by Debbie Kulick to approve the minutes of the July 12, 2016, meeting. Motion was seconded by Lisa VanWhy and carried unanimously, 3-0.

IV. ITEMS FOR DISCUSSION:

- a. 2013 Bank Loan Refunding –
Mr. Chris Bamber, Senior Managing Consultant of Public Financial Management (PFM), said he is here on behalf of Jamie Doyle, PFM's Managing Director, to discuss another financial opportunity for the district. He went over a Refunding Analysis packet that he distributed to all Committee Members. He explained that the long-term interest rates continue to hover at or near all-time lows, especially following the Brexit vote in Europe. The recent refunding results were with Series of 2016 Bonds' principal of \$9,500,000. The district did a partial advance refunding of Series of 2008 Bonds with a net local effort savings of about 2.2 million dollars or 26.10% of refunded principal. The other savings was with Series A of 2016 Bonds with a \$5,765,000 principal. The current refunding of Series of 2011 Bonds and Series A of 2011 A Bonds had a net local effort savings of about \$340,000 or 5.78% of refunded principal. Today, Mr. Bamber said he brings another potential additional refunding opportunity, this one on the Series of 2013 Bonds that were funded as a bank loan through ESSA Bank. The bonds have \$7,240,000 in principal outstanding after the September payment and an existing fixed rate of interest of 3.11%. There is no prepayment penalty, so they can be refinanced at any time. There are three options for refinancing. One is to renegotiate with ESSA Bank, the second is to seek

proposals from other banks for a new bank loan, and third to enter the bond market for a traditional refunding. PFM will pursue whichever method produces the best net result for the school district. Page two contained the municipal market update. Page three contained the summary of the district's outstanding indebtedness. Page four contained Series 2013 Option redemption that can be done at any time. Page 6 contained information regarding the Series 2016 refunds the Series of 2013, assuming current bond market rates. Currently the savings is 4.25% and only 2% is needed to do the refunding; therefore it is doubled the savings. Page 7 (last page) contained the sample motion to allow PFM to pursue this savings. Mr. Bamber said when Jamie Doyle talked about bank qualified financing, there is still enough room to do this refunding. Mr. Bradley asked how far back do we go with this refunding. Mr. Bader said the bank loan was done in 2013 as a refunding of prior bonds. Mr. Bamber said the term of the loan was from 2013-2027, or 14 years. Since three years have passed, the loan has 11 years left on it; therefore, it's a shorter time, which helps lower the rate. Mr. Bader said that this process would not extend the borrowing term but it would lower the cost. Ms. Kulick asked when is the window of opportunity to get this done. Is it now? Mr. Bamber said, "Yes, now". We have never had a better time or opportunity than now. Mr. Summers said he is sure the Committee will want to move this items forward to Monday's night agenda.

b. Alternative Fuel Bus Plan

Mr. Bader said that he was asked by the Finance Committee members last month to create a propane bus replacement cycle. The current fleet is 89-72 passenger buses, 24 vans, 4 van with wheelchair and 5 vans with wheelchair accessibility for a total of 122 vehicles. He said he tried to smooth out the purchasing phase. During the 2017-2018 school year, the district would purchase 36 propane 72 passenger buses, 12 vans and 4 vans with wheel chair accessibility and return 6 buses in years 5, 6, 7, 8, 9 &10. During the 2018-2019 school year, the district would purchase 32 propane 72 passenger buses, 12 vans and 5 vans with wheel chair accessibility and return 6 or 5 buses in years 5, 6, 7, 8, 9 &10. In the 2019-2020 school year, the district would purchase 21-72 passenger propane buses and return 3 or 4 buses in years 5, 6, 7, 8, 9 &10. Mr. Summers asked Mr. Bader to show how much of a return the district will get when returning six buses in years 1921, 1922 and 1923 as a result of purchasing 36-72 passenger propane buses in 2017-2018 school year. Mr. Bader said without a bus buy-back program, he cannot be sure how much a company will buy the buses back from the district. Mr. Summer said then we do not know who would buy the buses back. Mr. Bader said that it's like when you have a car and want to turn it in, you would not have that figure until the current time. The district vans are like cars. During the next three years, the district will need the big chunk of money in the budget but then they will have a couple of years without buying buses. Propane will be the contributing factor in saving the district money. Mr. Summers asked for the time frame for buying the 36-72 passenger buses in 2017-18 school year. Mr. Bader said that in October 2016, the district will need to go out to bid for the 36 buses and 15 vans. The buses will have to be purchased by January 2017 in order to be delivered in July of 2017. The propane tank stations will also have to be in place. Mr. Summers asked if we would need a tank. Mr. Bader said we can look to place a tank in one lot first. The district is looking to install up North first. All details depend on the pricing and grants. Everything would need to be in place in 2017. Mr. Bradley asked if there is an alternative plan if there is a problem to get the tanks in place. Mr. Bader said the district has to proceed now, but there is time. Mr. Sutjak said he contacted a couple of places like Pocono Mountain. Pocono Mountain is getting everything in order now to be ready for the beginning of this school year. He also spoke to Hempfield School District who said it takes 2-3 months from start

to finish. We would need to go out for bids for tanks and propane prices. Mr. Bradley asked if DEP would need to sign off on the tanks. Mr. Sutjak said they would. Mr. Summers said the district would need to go to Lehman Township to make sure the district has all approvals that are needed. Mr. Sutjak said the district would like to apply for an application by the end of August with Eastern PA Alliance to help us obtain grants. Their fee is 5% of whatever the district gets. The grant may be for half a million dollars. Two applications can be submitted, one for the fueling and one for the buses. Mr. Bader suggested getting two fueling stations. Mrs. VanWhy asked if it would be feasible to get the paperwork done in two weeks. Mr. Summers asked if the district would be able to apply for the grant before formal Board approval. Mr. Bader said approval should be for two items, buying propane buses and to obtain the fueling stations. Mrs. VanWhy asked if the district would get \$500,000 for the grant. Mr. Sutjak said they would get up to \$750,000, if we are successful. Ms. Kulick asked if the district will not get anything until we purchase the items. Mr. Sutjak said that Eastern PA Alliance said all they need is a signed application to get started. Mr. Summers said the Committee will recommend for the Board to approve the submission of the application for fueling stations and propane buses. Mr. Bradley asked if it would cause a problem if we have to wait for Board approval. Mr. Bader said they can submit the application after the Board approval on August 15th. Ms. VanWhy said if we apply for the grant for both stations and only use the North one initially, it may be a problem. Mr. Summers suggested that the district ask for everything and see what we get. Mr. Summers said that after the bids in October, he would like to see in December a spreadsheet of the cost per year of the expenses for the propane buses and fueling stations. It should include how this will affect the five-year financial plan that Mr. Bader presented previously. These numbers should be reflected in the revenues, expenses and projected deficit. The Board would need to see this in order to make a final decision. Mr. Bader said that we need to see the prices first. Mr. Sutjak said that there are different prices for 72 passenger buses such as \$92,000 or \$84,000. Mr. Bader said that he will run the numbers at the higher price which may put the district in a better position. Dr. Riker asked how many buses did the other district purchase. Mr. Sutjak said they purchased 35 buses. Mr. Bader said they only obtained prices for one bus not multiple buses. Mr. Bradley asked if the propane buses include a block heater. Mr. Sutjak said propane buses do not need block a heater. He said he spoke to the Hempfield who purchased propane buses and they said they only keep them for five years. However, they are allowed to keep for another three years. Mr. Bradley said they are a smaller school district than we are. Mr. Sutjak said their numbers are similar to ours. Hempfield was in a bus accident and the buses did not leak.

Dr. Riker asked if the district is looking to continue pursuing a centralized bus lot. He would suggest that they make a recommendation to the entire Board of their intentions. Because if the Committee does not want to continue looking into this matter, the district would not continue placing time and effort on this issue. Mr. Bradley said he is not convinced that a centralized bus lot is needed. Mrs. VanWhy said why should the district spend more time on this issue because it will offset the savings that they will obtain from going to propane buses. Mr. Bader said with a centralized bus lot, they will spend more mileage and fuel on the buses. Mr. Summers said he appreciates all the work that has been done on obtaining the details for a centralized buses, but, in his opinion, it would be insane to pursue.

c. Activity Buses – Mr. Sutjak

Mr. Sutjak said last month they discussed adding additional activity buses. The Athletic Director, Ben Brenneman, Dr. Riker, the principals and he met to discuss the schedules and student numbers. He reviewed past history before he worked in the district and when they had two activity bus times for North and South. They decided that an early and late bus time can be scheduled for the North and South schools. They came up with a design without any cost to the school district. MCTI students will now come back to the district to eat lunch, which will allow two buses to be used for activities. There will be 4:20 p.m. and 5:20 p.m. buses at each campus. Mrs. VanWhy asked if they will be picked up and dropped off at the same time. Mr. Sutjak said they will keep the same time as now. The activity schedule runs from 30 minutes to an hour. They will begin with this schedule but the number of students riding the bus may increase due to sports. Mr. Summers said Mr. Sutjak indicated that there will be 4 early activity buses and 4 late activity buses at North and five early activity buses and 3 late activity buses at South without cost to the district. Mr. Summers asked if the Board will need to approve this plan for activity buses. Dr. Riker said he does not believe that they would need approval from the Board. Mr. Summers said the Board can be informed of this change.

d. Somastream Online Course Agreement

Mr. Bader said that at a previous Finance Committee meeting Mr. Bill Vitulli discussed obtaining a Cyber Online Driver's Ed for Classroom portion of drivers' education. They looked at contracting with Engenuity, but their course is not approved by the PA Department of Transportation. PennDOT has approved an online course through Somastream, which is less costly than Engenuity. Engenuity charges \$90 per students and Somastream's fees is \$20 per student. Mr. Bader said he would like to recommend to contract with Somastream with subject to review of solicitor and technology counsel. Ms. Kulick asked which option is the district looking at, Option A-Lease or Option B-Lease with website design. Mr. Bader said the district is looking at Option A. Mr. Bradley asked who pays the \$20 for the Cyber Online Driver's Education Course. Mr. Bader said that it is included in the Cyber Academy Budget. Mr. Summers said that he saw an advertisements for the Agora Cyber Charter School and Connection Cyber. He said he knows that the district cannot advertise the ESASD Cyber Academy. According to Mr. Vitulli, there are 188 students enrolled in other Cyber Charter Schools. We need to instill that these other online schools are our competitors. The district should set in motion that when a student is considering choosing another cyber school or asking for their transcript, our staff should convince them that the ESASD Cyber Academy is a better choice. The district should share information that, according to PDE, the other cyber schools' performance scores are not good. We should use this information to pull our students back into the district. Perhaps, we should send a letter that states that the other online schools' scores are poor. Mr. Bader said that Mr. Vitulli has begun a campaign on trying to get the students back into our Cyber Academy by reaching out to our students through mailings. Mr. Summers said that the information that is sent out should include that we are offering driver's training now. Dr. Riker said that the district also placed on the website information for parents about Cyber Academy and who to contact. He said the district can also place information on the other schools' School Performance Profile in order to compare them with our Cyber Academy scores. Mr. Bradley asked what is the cost for the students to attend another cyber school compared to the ESASD Cyber Academy. Mr. Bader said that the parents do not pay. The school district pays the fee of about \$12,000 for a regular ed student and almost \$30,000 for a special ed student. Mr. Bradley asked if students will get a diploma when they are done. Mr. Summers said that our cyber school

students graduate with a district diploma. He asked if students attending cyber schools get to go to the prom. Dr. Riker said that he knows that our students are involved in extracurricular activities but maybe not the prom. Mr. Bader said that he know that cyber students are allowed to be involved in activities and we are allowed to charge them for any event or activity. Ms. Kulick said that there should be a report on the ESASD Cyber Academy every month. Mr. Summers said that the district can go on the PDE website to see the information on test scores, even though the scores are a year's old. The website is paschoolperformance.org. Ms. Kulick said that this information should be in front of the community every month.

e. TSA Extension Agreement

Mr. Bader said that the TSA Agreement is for administration and compliance services for the district's 403b voluntary investment plan. We have been with TSA for many years and the renewal does not include any fee increase.

f. Plan Con K GO Bonds Series 2016

Mr. Bader said earlier this year we did the GO Bonds Series 2016 refunding. Once everything is completed, the Plan Con K needs to be done which requires Board action. There will be another one for approval soon, Mr. Summers said the form has already been prepared. Mr. Bader said it has but now it needs formal approval.

g. IU20 Agreement for NSLP

Mr. Bader said that approval is needed for the National School Meals Programs Agreement in order for the IU 20 to provide our students with free and reduced lunch.

h. Property & Facilities Committee Recommendations

i. Northsite Paving CO #1 (\$8,587.80)

Mr. Bader said that a Change Order is needed for the driveway circle at H.S. North due to wet soil conditions. They need to replace the unsuitable soils and install additional drainage. There is a cost in the contract of \$8,587.80. The contract has allowance for unit prices for unforeseen conditions. There's money in the contract to cover some of the expense. The \$8,587.80 is the amount not already included in the contract. Mr. Bradley asked for the pictures that were obtained of this project. Mrs. VanWhy asked if the district received the engineers report. Mr. Bader said that the final as built drawing of what was done will be prepared at the completion of the project. What the district received was the field drawing to identify the scope of work for the contractor. Mrs. VanWhy said this was delivered after the fact. Mr. Bader said that is correct. Mrs. VanWhy said if they submit a field drawing then it should be stamped by the engineer. Mr. Bader said that the engineer stamps the as built drawing. Mrs. VanWhy said that the engineer should have caught this issue ahead of time. Mr. Bader said unless the district would have asked them to do a full geological testing, it would not have shown up. The district did not indicate it in the original contract. Mrs. VanWhy said she understands this work was done initially. Mr. Bader said he is not sure what was done as part of the original building project. Mr. Bradley asked if the work being done is around the curve to prevent sloping. Mr. Bader said they are doing the whole circle to change the water run off with additional inlets. Mr. Bradley asked are we sure this is being done. Mr. Bader said that's what the workers have indicated. Mr. Summers asked if the work will be completed before the students return to school. Mr. Bader said, he believes, the work should be completed this week. Mr. Summers asked if Mr.

Ihle has been overseeing this project. Mr. Bader said Mr. Ihle has been spending time on site.

- ii. Resica Atrium - C&D Waterproofing Proposal (T&M not to exceed \$5,000)
Mr. Bader said that the district got a proposal to do mold abatement at no cost to the district. This work is to repair the roof leaks before the mold abatement can be done. Since it is a relatively small project, C&D is willing to do the work on a time and materials basis with a cost of the work not to exceed \$5,000. Ms. Kulick asked if there is mold in the bathroom. Mr. Bader said he would need to check with Mr. Ihle to obtain an answer.
- iii. HSS Library Window - Bognet Pay App #2 (\$104,094)
Mr. Bader said that the Library Window project is basically finished except for the punch list from the inspection. The second payment will not be submitted until all items are checked. Mr. Summers suggested that they receive positive report by Monday's Board meeting to make sure everything is being done correctly. Mrs. VanWhy suggested that the district obtain a guarantee of the work that was done so that it does not have to be repaid again in two years. Mr. Bradley asked who is keeping an eye on the work that is being done. Mr. Bader said that Mr. Ihle has been present at the site.
- iv. Fire Alarm Panel Replacement
 - 1. Bushkill – CSI (\$40,385.00)
 - 2. JTL – CSI (\$25,795.62)Mr. Bader said the fire alarm panels at Bushkill and JTL need to be replaced and were part of the 5-year capital plan. The district contacted three vendors for pricing, two of who submitted proposals, and CSI was the lowest price. Mr. Bradley said CSI originally came in higher but went down after another company was lower. Mrs. VanWhy asked if the district was looking at another company to do the work. Mr. Bader said this work is different from the service agreement that is done for inspections. The Property/Facilities Committee decided to wait until next month to discuss the service agreement. Mr. Summers said these prices are less than they previously saw. Mrs. VanWhy said this project should not result with the district incurring any change order in the future.
- v. RFP for Snow Plowing
Mr. Bader said the district needs to obtain Request for Proposal (RFP) since the last time they advertised for an RFP was in the 2015-16 school year. The district's recommendation is to go for a proposal with the option to renew for another year in year two and three at the district's discretion. The district may get a better price with a longer commitment time. Mrs. VanWhy asked if the district will get more than one vendor. Mr. Bader said they may get more vendors for the South Campus than the North Campus. Mrs. VanWhy asked if there is any way to obtain more vendors. Mr. Bader said they have tried to go directly to companies and have advertised in the paper. If any Board member knows of any company that the district has not tried, they can give us the information and a proposal will be sent to them. Mrs. VanWhy said we should try to get more companies in order to get a competitive proposal.

V. PUBLIC PARTICIPATION – LIMITED TO ITEMS OF DISCUSSION

A. Mrs. Judy Summers asked why does the Fire Alarm Panel Replacement cost about \$40,000 for Bushkill Elementary compared to J. T. Lambert Intermediate School which costs about \$25,000 and J.T. Lambert Intermediate is a bigger facilities than Bushkill Elementary. Mr. Bader said that the current panel at Bushkill is not a Notifier panel, so more is needed at Bushkill Elementary than at J.T. Lambert Intermediate School, which has an older Notifier panel.

VI. ADVISORY RECOMMENDATIONS FOR CONSIDERATION BY THE BOARD OF EDUCATION

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Debbie Kulick to recommend that the Board consider for approval the following items: Motion was seconded by Ronald Bradley and carried unanimously, 4-0.

1. That the District not pursue a centralized bus compound.
2. To work with Public Financial Management as Financial Advisor, Rhoads & Sinon as Bond Counsel, and the Solicitor on the potential refunding of the existing General Obligation Bonds, Series of 2013.
3. To authorize a grant writer to prepare and submit a grant application on behalf of the District to the Commonwealth of Pennsylvania’s Alternative Fuels Incentive Grant program for the purchase of propane fueling stations and buses and to authorize the Administration to proceed with the purchase of propane buses as part of the District’s school bus replacement plan.
4. To approve the agreement with Somastream Interactive to offer an online driver’s education course through the District’s Cyber Academy at a cost of \$20 per student.
5. To approve a one year no cost extension through July 31, 2017 of the contract with TSA Consulting Group for 403(b) plan administration services.
6. To approve the submission of PlanCon K to PDE for the District’s General Obligation Bonds, Series of 2016.
7. To approve Change Order #1 with Northeast Contractors in the net add amount of \$8,587.80 for the Northsite Phase I Paving project.
8. To approve the Agreement between the East Stroudsburg Area School District and Colonial Intermediate Unit 20 for Participation in Child Nutrition Programs between July 1, 2016 and June 30, 2017 in order to provide eligible students with services authorized by the National School Meals Programs specified.
9. The following Property & Facilities Committee Recommendations:
 - a. Change Order #1 with Northeast Contractors in the net add amount of \$8,587.80 for the Northsite Phase I Paving project.
 - b. The proposal from C&D Waterproofing for the repairs to the Resica Atrium roof on a time and material basis with a cost not to exceed \$5,000.
 - c. Pay Application #2 from Bognet, Inc. in the amount of \$104,094.00 for the High School South Library Window Project.
 - d. The proposal from CSI for the replacement of the fire alarm panel at J. T. Lambert Intermediate School in the amount of \$25,795.62.
 - e. The proposal from CSI for the replacement of the fire alarm panel at Bushkill Elementary School in the amount of \$40,385.00.
10. To approve seeking proposals for snow plowing services for a two year period beginning with the 2016-17 school year with an additional third year at the District’s option

VII. NEXT MEETING – September 13, 2016

Motion was made by Debbie Kulick to adjourn. Motion was seconded by Gary Summers and carried unanimously, 4-0.

VIII. ADJOURNMENT – 6:43 p.m.

Respectfully submitted,

Patricia L. Rosado,
Board Secretary