

**EAST STROUDSBURG AREA SCHOOL DISTRICT  
BOARD OF EDUCATION  
FINANCE COMMITTEE MEETING  
September 13, 2016**

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

**Minutes**

- I. In the absence of the Chairman, Lisa VanWhy, called the Finance Committee meeting to order at 5:32 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, Debbie Kulick, and Lisa VanWhy. Gary Summers was absent.

School Personnel Present: Jeff Bader, Brian Borosh, Fred Mill, Ryan Moran, William Riker and Patricia Rosado.

Community members present: None

**III. APPROVAL OF AGENDA AND MINUTES**

Motion was made by Debbie Kulick to approve the agenda for September 13, 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 Ronald Bradley and carried unanimously, 3-0.

Motion was made by Debbie Kulick to approve the minutes of the August 8, 2016, meeting. Motion was seconded by Ronald Bradley and carried unanimously, 3-0.

**IV. ITEMS FOR DISCUSSION:**

a. IU Internet Agreement

Mr. Borosh said that the district has an Internet agreement through a consortium with IU 20 from July 1, 2015 through June 30, 2017. The district experienced two internet outages when no students were in session. One occurred in June and the other occurred 76 days later in August. The IU has moved to secure a secondary internet provider to make sure there is redundant coverage. At the same time, two new districts have joined the IU consortium for internet, so the total cost to the District with the additional provider is less than what we are currently paying. Mr. Bradley asked who is the primary source as well as the secondary source. Mr. Borosh said the Primary Source is Zito and the secondary source is RCN. Mr. Bradley asked what will this cost the district. Mr. Borosh said that the current cost left on the contract is \$12,347.06. Adding the secondary source, the contract decreases by \$1,147.32. Mrs. VanWhy asked if we are at the end of the contract. Mr. Borosh said that the district entered into a two-year agreement beginning in July of 2015 until June 30, 2017. This Letter of Commitment will get us through June 30, 2017. Ms. Kulick asked what would be the modifications to the original contract. Mr. Borosh said that the contract will afford the district two caveats, saving money and a secondary back-

up. The district previously used Pen Tele Data as backup but this connection was for the use of core items since it's a small circuit.

b. 2013 Bank Loan Rate Renegotiation

Mr. Bader said that at the previous Board meeting the Board authorized Public Finance Management (PFM) to look at options for refinancing the General Obligation Bonds, Series of 2013 that was issued through ESSA Bank. PFM looked at three options:

1. ESSA Bank
2. Other Banks
3. Go to Market for Bond issues

Mr. Bader distributed a handout which includes the results of PFM's efforts. ESSA offered a rate of 2.080%. The district was not happy with this rate and asked if they would come down to a 1.990% rate. They agreed and now the renegotiated rate needs Board approval. Mr. Bradley asked why did we receive some resistance from ESSA Bank. Mr. Bader said they offered an attractive rate initially, but we felt that it needed to be lower to be competitive with the bond market. ESSA wanted to continue working with the District and agreed to the lower rate. Although this is not as good a rate as going into the bond market, the issuance costs are lower and produces a total savings that is equivalent to a bond issue and provides the District with more flexibility for a future refinancing. Mr. Bradley asked if we have been with ESSA for the past ten years. Mr. Bader said we just transferred over to ESSA Bank last year. On page one of the handout, it lists that this proposed rate produces net local effort savings (after costs of issuance and State's share of reimbursement) of \$677,612.38 or 9.36% of existing principal. Page two, column 1 details yearly savings through 2028. Column 3 details what the savings would be with a bond market. Savings would be less due to higher costs and call feature. With a rate negotiation on the loan, there is no limitations. The rest of the handout includes the Municipal Market update and costs are broken down. The Board will need to approve settlement. Mr. Bradley asked if we can get a better rate next year. Mr. Bader said rates would have to drop significantly to make it cost effective and they are already at historic lows; however, given the length of the term of the loan there may still be opportunities to look at a future rate reduction.

c. PlanCon K GO Bonds Series A 2016

Mr. Bader said that the district did two bond transactions this year. At the last meeting, we approved PlanCon K for the first transaction, GO Bonds Series 2016. The second transaction was done a month ago, GO Bonds Series A 2016, and we now have to submit to PDE PlanCon K documents. Mr. Bader said the district recommends that this be approved by the Board in order to process with PDE.

d. 2017-18 Act 1 Timeline

Mr. Bader distributed the Act 1 Timeline for the 2017-2018 Budget Process. The timeline is dictated by when the Primary elections are held in the spring. According the PDE the statewide index is 2.5%. PDE must notify the districts of their adjusted index by September 30. Districts with an aid ratio of over .4000 have an index that is higher than the statewide index. Based on our aid ratio, our index will be approximately 3.4%, which is the limit by which we can raise taxes unless we file for exceptions. Mr. Bradley asked what are the exceptions. Mr. Bader said they are grandfathered debt, which the district does not have, retirement cost increases in excess of the index, and Special Ed cost increases in excess of the index. The Board has not looked to increase taxes above the index in the past recent years. If that is the case, the district will not look to submit for

qualified exceptions. A preliminary budget is due on January 26, 2017 unless the Board adopts a resolution not to raise the rate of any tax by more than the index. Mr. Bradley said that he would prefer to see a tax decrease. We need to prepare the 2017-2018 budget to have no tax increase. Mr. Bader said the on page 3 of his handout it indicates that every four years tax collectors run for reelection. February 15, 2017 is the deadline for the Board to take action in order to establish or change the compensation rate for the tax collectors so that when they run for this office, the tax collector will know what it will be. Mr. Bader said he should have a Board resolution by October or November for the Board to review so the Board can take action on it by December 2016. Mrs. VanWhy asked what is the rate based on. Mr. Bader said in the previous resolution, the rate started at \$1.69 per bill and was increased each year by the statewide Act 1 index. The rate for 2016-17 is now \$1.76 per bill. Mr. Bradley asked if the tax collectors have a choice to reject or accept the rate. Mr. Bader said that when the tax collector runs for office, they know the rate that they will be paid for the four years of their term. By the end of May 2017 the Board needs to approve a Proposed Final Budget and the Final Budget needs to be approved by the end of June 2017. Homestead and Farmstead will also be approved. Mr. Bradley asked if the district sends an email to homeowners about Homestead/Farmstead information. Mr. Bader said that Homestead and Farmstead is a State Act Relief Program for the districts to provide some relief to homeowners and farm owners who own 10 acres or more. The district gets about 2 million dollars per year in slot money. The district looks at number of properties in order to come up with the figure. This year each property owner gets \$440 of tax relief. Each year it depends on the number of properties. Mr. Bradley asked how does this affect us. Mr. Bader said it all depends on the amount of properties that apply for them it can be more or fewer each year. We will not know this number until May. By the end of December a mailing is sent out by the district to all eligible properties providing them with the application information if they have not already applied. The deadline to apply is March 1, 2017. Mr. Bradley asked if this helps the district. Mr. Bader said the district does not benefit as it merely passes through the gaming money provided as tax relief to the taxpayer. Mrs. VanWhy asked if gambling is down. Mr. Bader said gambling is not down but in fact has increased in recent years. The State has allocated the additional gaming money to other areas rather than increase the Property Tax Relief Fund. Mr. Bradley asked why would they do this. Mr. Bader said that is a question for the Legislators. There is no Board action required for the Homestead/Farmstead applications but Mr. Bader will continue to update the Board during the budget process. Mr. Bradley said there are inconsistencies with the steps of Act 1 and the end result with the budget process. Mr. Bader said that the proposed preliminary budget is not identified in the law but the Board must pass a proposed budget and a final budget.

e. CIT Agreement

Mr. Bader said the district has a special education student that is in a program through the IU 20 in Bethlehem for half of his day. The other half is scheduled for him to attend a vocational school. Because his morning classes are in Bethlehem, he will not be able to make it to the Monroe Career & Technical Institute in time for the afternoon classes. Therefore, the district contacted the Career Institute of Technology (CIT) in Easton in order for this student to be able to receive his vocational education. The Board will need to approve the contract with CIT for this school year as they did last year. Mrs. VanWhy asked if the student is already enrolled in the program since it was approved last year. Mr. Bader said the student has been attending but the contract needs to be signed by our school district as well as CIT in order to approve the current rate. Mrs. VanWhy asked why would the district transport the student to CIT. Mr. Bader said that the district transports

the student to his school is Bethlehem and then to CIT and back home. The problem is that if the student were to go to MCTI from Bethlehem it would be too far where CIT is closer, although MCTI has the program that he is taking. Mrs. VanWhy asked if the district pays the same amount at MCTI than what we are paying at CIT. Mr. Bader said this is a reasonable fee for a vocational program. Dr. Riker said that his assumption is that the student is receiving special services which adds to the cost. It is similar to when a student has special services with cyber classes, the district pays more for a student with an IEP. Mr. Bader said that the district often pays for a Student Aide for a student at MCTI which the cost is higher than for a regular ed student. Mr. Bradley suggested looking for a program that is closer. Mr. Bader said that this is the closest program which meets the student's needs. The district deems that this is the best placement for the student.

f. Head Start Agreement

Mr. Bader said that the district has a Pike County Head Start housed in the Bushkill Elementary School. Since the district provides snacks to the children, PDE requires that the district submit a contract in order for PDE to reimburse the district for this expense. Mr. Bradley asked who covers the cost. Mr. Bader said PDE would cover all costs. Mr. Bradley asked who provides the food. Mr. Bader said the district provides the snacks and PDE reimburses the district.

g. Forevergreen Nature Preserve Cross Country Agreement

Mr. Bader said the District hosts a multi-team cross country meet. Due to the number of teams and the buses, the District does not have sufficient parking to handle the meet. Last year the District arranged with Stroud Township to use the Forevergreen Nature Preserve for the meet and would like to do so again this year. The event will occur on September 20<sup>th</sup>. Although there is no cost to the district, they need the Board to approve an agreement.

h. Key Bank Depository Collateral Pledge Agreement

Mr. Bader said that the district has an agreement through First Niagara Bank for a bank loan. First Niagara Bank is in the process of being acquired by Key Bank and Key Bank has a Depository Collateral Agreement that they would like to be approved to continue the process. Mr. Bradley asked what is Key Bank going to do for the district. Mr. Bader said that the district has a loan agreement with them for computers since the year before last. The district pays an annual fee and they draw the money on a wire transfer. Mr. Bradley asked if this payment is for the Chromebooks. Mr. Bader said it's for the Chromebooks and HP computers from 2015.

i. Maillie Auditing Agreement Extension

Mr. Bader said that the district has a three-year agreement with Maillie Auditing with an option to continue for 2 additional years. This current audit (2015-2016 school year) is the end of the three-year agreement. The two options now are to continue for another year or to find another auditor. The auditing cost for the 2016-17 and 2017-18 school years would be the same as they have been, \$21,000. Ms. Kulick asked if the district would be required to go out to bid for this item. Mr. Bader said we would not need to unless we want to switch the auditing firm from Maillie. Mr. Bradley said that the district had issues with the previous firm. Mr. Bader said the district does not have to renew right away but if the Board would like to switch from Maillie, the district needs time to create and advertise an RFP. Mrs. VanWhy asked if we approve Maillie would this continue as is. Mr. Bader said the Board can approve for 2 more years. Mr. Bradley said that when the district previously

searched for an auditing firm, 4 or 5 companies were reviewed the district chose Maillie because they were more cost effective and efficient. Mr. Bader said they are quick and thorough, which was the issue that the district had with the previous company. Mrs. VanWhy asked when will the Board members see the 2015-2016 school year audit. Mr. Bader said they should have it around November which is typically the same timeframe each year.

j. RFP for Postage Machines

Mr. Bader said the district has 4 postage machines in the following buildings:

1. Administration Center
2. High School South
3. J. T. Lambert Intermediate
4. Lehman Intermediate

Rather than using Pitney Bowles for the new postage machines, the district is recommending to go out to get bids to obtain the best prices. Mr. Bader is suggesting that they get an agreement on a month to month basis so they can get all postage machine on the same cycle. Mrs. VanWhy asked if the Board would need to approve anything at this time. Mr. Bader said the Board will need to indicate that they approve for the district to go out and get bids for the postage machines. Mr. Bradley suggested that we search for the best equipment at the best price.

k. Tire Bid

Mr. Bader said the district would like to go out for bids for tires for the buses, maintenance vehicles, police vehicles, etc. They would like to obtain bids in the fall in order to get the best prices. Since the district does not have the quantities in advance, they buy on an as-needed basis. The bids can be sent out in October or November.

l. School Bus Bid

Mr. Bader said that at the previous Finance Committee Meeting, the Committee spoke about moving forward with the purchase of propane buses. The application for the grant was submitted for the propane buses and fueling stations. Mr. Bader said that Mr. Summers asked when the district would need to go out for the bidding of propane buses, Mr. Bader informed him that in October they would need to obtain bids in order to get better prices. Delivery would be in July 2017. Currently the district has 52 buses to return in June 2017. 36 are 72 passenger buses and 16 are vans. Mr. Bader said that the district is also in need of an additional wheelchair van. He needs permission from the Board to go out to bid for these buses/vans, which Mr. Bader will place on a phasing cycle with the possibility of a buy-back program. Ms. Kulick asked what are the odds that the district will get the grant. Mr. Bader said that the Lower Merion School District got half a million dollars for their propane buses. Mrs. VanWhy asked if the district applied for the grant. Mr. Bader said everything was submitted but the district has not heard back from the State. Mr. Bader said if the district does not get the grant, there are other options. The district can arrange with the company to provide the propane or the district can place in the contract that the bus company will fuel the buses. It can be resolved one way or another. Mrs. VanWhy said that the district will see the savings in the propane prices in the long run. Mr. Bradley asked what is the district doing in terms of going after grants. He's been in contact with smaller districts who are receiving assistance. Mr. Bader said that the district submitted the information for the grants for these purposes but there is no deadline of when we will be notified. It may take 5 to 6 more months for the turn around. The school districts are attractive to the grant program; therefore, our district is pretty confident

that we may get the grant but we currently don't have any further information. Mr. Bradley said that a smaller school district obtain a grant and they are a third of what our school district is. Mr. Bader said that our school district has a larger fleet which may be attractive to the State. Mr. Bradley asked if they are tax favor friendly. Do they know how this will impact our district? Mr. Bader said this may help to fund us quicker.

m. Vehicle Replacement

i. HSS Driver Ed car

Mr. Bader said that back in the spring, the Finance Committee spoke about the need to replace a H.S. South Driver's Ed car. At that time, Mr. Summers suggested that Mr. Martinelli ask around to see if any company would like to donate a car. Since he was not successful, the district made significant repairs on the car to insure that it will make it through the rest of this school year. The mechanic does not believe that the car will make it another year. The district would like to buy a new or used vehicle to replace the current Driver's Ed car for South. Mr. Bradley asked how does this car compare to the North car. Mr. Bader said that North does not have as many miles on it. The North Driver's Ed mechanic confirmed that it is in good shape. Mrs. VanWhy asked if we know how many miles does the South car have. Mr. Bader said the South car has about 170,000 and the North car has about 60,000 or 70,000 miles. Mr. Bradley asked if we can use a bus or a van to teach the students. Mr. Bader said a bus would be too big. Mr. Bradley said asked if a van can be used. Mr. Bader do not have a van that the students can drive. Mrs. VanWhy asked if the district is committed to the Drivers Ed Program. Mr. Bader said that there is high participation with the Drivers Ed Program. Some students may not have other options and in the past, the Board has always been committed to this program. Ms. Kulick said this program is for the betterment of the students and all who drive. Mrs. VanWhy said she and Mr. Summers spoke about this purchase and he asked if both, North and South cars were checked. Mr. Bader said that he spoke to Mr. Dailey and they are satisfied with what they have at North. Mr. Bader said that both cars are from 2005. Dr. Riker suggested that the Board indicate when a car should be replace due to a specific mileage on the car and not necessarily when the car was bought. Mrs. VanWhy asked if the district is looking to purchase a used car. Mr. Bader said it depends on what is available. The district can look into all options and report back to the Board. Mrs. VanWhy said that she knows the South car has issues. Mr. Bader said that the district spent \$800 in repairs for the South car but it will not pass the next inspection. Mrs. VanWhy said the committee can chose to move forward exploring option for another car. Mr. Bader said no direction is needed from the Board at this time.

ii. Food Service van

Mrs. VanWhy asked if we have 5 service vans. Mr. Bader said we have two vans that will not pass inspection, which are not used. The Food Services Dept. is recommending to replace 1, which is used on a regular bases. Mrs. VanWhy asked if we would be disposing of 3 and getting 1. Mr. Bader said we are getting 1 and disposing of 1. The Food Services Department has 2 vans. Mrs. VanWhy said one van is used for courier services, another is used for moving bulk items and now we need a third. Mr. Bader said we would have 4 vans to be placed possibly under the Cafeteria Department or Maintenance Department. Mrs. VanWhy asked if the district can apply for a grant for this vehicle. Mr. Bader said we cannot because it runs on gasoline. The district can obtain the vehicle through the State contract to

get a better price. Mr. Bradley asked if the vans can use propane. Mr. Bader said they cannot. Mrs. VanWhy asked how does the district get rid of current vehicles. Mr. Bader said they can sell it for scraps. Mrs. VanWhy said the district can further investigate this matter and no Board action is needed at this time.

n. Property & Facilities Items

Mr. Bader said that since the Property & Facilities Committee lacked a quorum at their last meeting, the committee members could not make any formal recommendations. However, they felt the following items needed to be addressed by the Board.

i. HSS Library Window - Bognet CO #1 - \$8,640.00 Deduct

Mr. Bader said the Board will need to approve a Change Order for the replacement of the H.S. South library window which indicates that the original contract price of \$129,900.00 was decreased by \$8,640.00 which now brings the total to \$121,260.00. Mr. Bradley said the Committee was looking to see if every window needs to be replaced and obtain warranties for them. Mr. Bader said they are waiting for formal paperwork. Mr. Bradley asked if the windows are small. Mr. Bader said that the entire Library curtain wall was replaced along with the smaller windows on the side of the bump out. Mrs. VanWhy asked if the district made final payment for the windows. Mr. Bader said the contractors will be submitting a pay application for the total cost.

ii. Northsite Paving Phase I – Northeast Site Contractors Pay App #1 - \$126,547.91

Mr. Bradley suggested not paying the Pay Application #1 until the district receives a warranty. Mr. Bader said that according to the contract, the district is obligated to pay them based on the completed work they have done. We should receive the as-built drawings this week with the stamp of completion. Mrs. VanWhy asked if the Board will receive this before Monday's Board meeting. Mr. Bader said they will.

iii. JTL Bus Lot fence repair – American Fence Co. - \$4,280.00

Mr. Bader said that the Facilities Department researched three quotes to repair a section of the fence by the South bus lot and to move it to create more space for snow plowing. American Fence Co. was the lowest bid at \$4,280.00. American Fence Co. previously did some work on the stadium. Mr. Bader said that Mr. Ihle, Directors of Facilities, was pleased with the quality of their work.

iv. HSS Stadium Repairs

1. Toilet Partitions – Third Dimension Specialties - \$7,493.40

2. Ceiling Tile Replacement – District staff - \$7,621.00

Mr. Bradley said that the Property/Facilities Committee would like to move forward with the Toilet Partitions project for the H.S. South stadium. Mr. Bader said that there is a substantial amount of work that needs to be done in the South Field House. The district would like to do the critical pieces in order to replace the toilet to make them ADA accessible bathrooms. Third Dimension Specialties will do the work for \$7,493.40 (\$6,003.40 for parts and \$1,490 for the installation). Ms. Kulick asked if according to ADA does the district needs to redo the bathroom to make it a single-use room. Mr. Bader said we do not have to make the bathrooms individual, but they just have to fix what is there. Ms. Kulick suggested that while this work is being done that they consider doing something for when they are mandated to make accommodation for transgender individuals. Mr. Bader said that

the district does not have a single bathroom in the stadium. Ms. Kulick suggested making a family room type bathroom. Mr. Bader said this would require substantial renovations. If the Board wishes to move in that direction and would like to make more renovations, the district can begin the process. Mrs. VanWhy asked if the district is planning to work on the entire project that is highlighted in the handout. Mr. Bader said, "No". The district is moving forward with working on cosmetic repairs.

**V. PUBLIC PARTICIPATION – LIMITED TO ITEMS OF DISCUSSION**

None.

**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, 3-0.

1. The revised Letter of Commitment to participate in the CIU-20 R-WAN project for internet services through June 30, 2017 at a cost of \$3,490.31 per month.
2. The formal Resolution, as presented by Bond Counsel, for a modification of the General Obligation Bonds, Series 2013 for the purposes of changing the interest rate
3. The submission of PlanCon K to PDE for the District's General Obligation Bonds, Series A of 2016.
4. The agreement with the Career Institute of Technology for a student placement in its Electrical Construction Technology program for the 2016-17 school year at a cost of \$76.39 per enrollment day.
5. The agreement with Head Start for the provision of afternoon snacks by the District Food Service Department to the Head Start program located at Bushkill Elementary School.
6. The agreement with Stroud Township for the use of the Forevergreen Nature Preserve for a cross country meet on September 20, 2016.
7. Key Bank as a depository for the East Stroudsburg Area School District and to approve the Depository Collateral Pledge Agreement with Key Bank.
8. A no cost increase extension of the agreement with Maillie LLP to provide auditing services for the 2016-17 and 2017-18 fiscal years per the terms of their proposal submitted April 1, 2014.
9. To seek proposals for the replacement of the four District postage machines.
10. To seek bids for tires.
11. To seek bids for the replacement of 36-72 passenger school buses, 12-48 passenger school bus vans, and 4- school bus vans with wheelchair lifts with propane powered vehicles.
12. Change Order #1 to reduce the contract amount by \$8,640.00 from Bognet Inc. for the High School South Library Window project.
13. Pay Application #1 from Northeast Site Contractors in the amount of \$126,547.91 for the Northsite Phase I paving project.
14. The quote from American Fence Co. in the amount of \$4,280.00 for the repair of the fencing at the JTL Bus Lot.
15. The quote from Third Dimension Specialties in the amount of \$7,493.40 for the replacement of the toilet partitions in the rest rooms in the South Stadium Fieldhouse.



16. The replacement of the ceiling tiles in the South Stadium Fieldhouse by District Maintenance staff at a cost of \$7,621.00.

VII. **NEXT MEETING** – October 10, 2016

VIII. **ADJOURNMENT** – 6:47 p.m.

Respectfully submitted,

Patricia L. Rosado,  
Board Secretary